THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

The Question of Feng's Christianity

Manchuria vs. The Rest Of China!

Inside Story of the British-Soviet Oil War

By Francis Delaisi

In the English Magazine "Foreign Affairs"

Developing a Modern Chinese Newspaper at Shanghai

By Hollington K. Tong

The Political Situation at the Beginning of 1928

By J. B. P.

密勒氏評論報

SATURDAY, JANUARY 7, 1928

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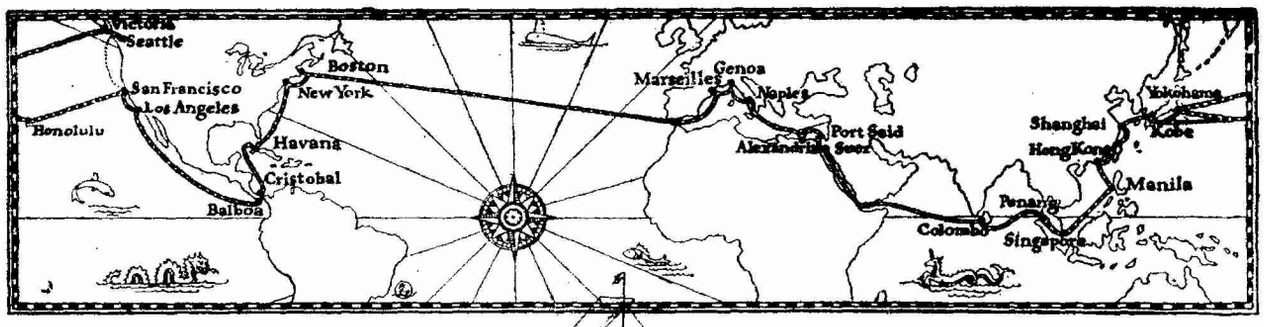

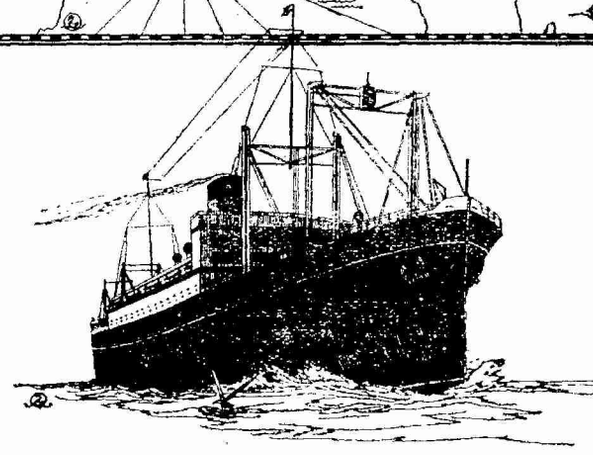

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Contents

Editorial Paragraphs
The Canton Incident Should Be Investigated 141
The Question Of Feng Yu-Hsiang's Christianity..... 142
Manchuria Vs. The Rest Of China!..... 142
Senator Guy D. Goff's Views On China..... 144
Special Articles
Developing A Modern Chinese Newspaper In Shanghai .....By Hollington K. Tong 147
Economic Consequences Of The Japanese Financial Crisis .....By Dr. Washio 148
The Resources Of Manchuria.....By J. A. J. 150
Inside Story Of The Soviet-British Oil War* .....By Francis Delaisi 151
America's Trade Frontier In The Orient .....By Dr. Julius Klein, 157
The Political Situation At The Beginning Of The Year .....By J. B. P. 160
Men and Events..... 161
From the Chinese Press..... 162
New Books of Interest in the Far East..... 163
What the Ships Carry between America and China v

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THE CANTON INCIDENT SHOULD BE INVESTIGATED

THE Soviet Consul-General, Mr. Pohvalinsky, accompanied by his wife and child and the wives and children of other Russian employes of the Soviet Consulate-General in Canton, arrived in Hongkong on December 30 on their way home to Russia. In an interview with *Reuters* correspondent in Hongkong Mr. Pohvalinsky declared that all of the members of the Soviet Consular staff in Canton with the exception of himself were killed by the Chinese military, those executed including Mr. Hassis the Vice-Consul, Mr. Vakooloff, a translator and two clerks. According to Mr. Pohvalinsky the Soviet Consulate was invaded by the Chinese soldiers on December 13 at about 8 o'clock in the evening and all members of the Consulate including women and children and Chinese servants were placed under arrest and taken to the military barracks. The Consul stated that his hands were tied behind his back and kept tied for twenty-four hours. At 10 o'clock on the morning of December 14 the Russian members of the consular staff were led to the front of the Chinese police station and shot. Later the Consul and his family were transferred to another prison and yet another until December 24 when they were provided with bedding and clothing by the German Consul in Canton. They were then sent under escort to Hongkong. The Soviet Consul's story thus differs radically from that sent out and published in the Chinese press, one of which reports alleges that Mr. Hassis the Vice-Consul was shot while carrying a pistol in his hand at the head of a mob of Chinese laborers and peasants. There is also great disparity in the reports of the actual number of Russians killed, the Japanese reports placing the number at 11, while a report of the Chinese *Kuo Wen* news agency placed the number of Russians killed at 20. The Chinese reports also allege that documents were discovered in the Soviet Consulate-General which definitely prove the complicity of the Russian consular officials in the peasant-labor uprising in Canton on December 11. For these reasons it is to be hoped that the Chinese authorities as soon as possible will make a thorough investigation and publish a report of their findings. If the Soviet Russians were actually implicated in the Communist uprising to the extent of leading mobs of armed laborers, then there can be no criticism of the action of the Government troops, but if the Russians were not actual participants in the uprising, then the action of the Chinese military in summarily executing the foreigners amounted to nothing short of barbarism and there should be an accounting. As stated in *The Review* last week, this recent action at Canton as well as the action of other Chinese soldiers at Nanking and Peking last spring is inexcusable and reflects no credit upon China or the Chinese people.

THE QUESTION OF FENG YU-HSIANG'S CHRISTIANITY

ELSEWHERE in this issue of *The Review* we publish a letter from an American missionary who recently went to Chengchow, Honan province for the purpose of investigating conditions in that area. In this connection the missionary refers to the question of Marshal Feng Yu-hsiang's Christianity, an active subject of discussion whenever the name of China's so-called "Christian General" is brought up in the course of conversation. This has become much more frequent of late owing to the fact that Feng's star is again in the ascendency. In connection with this question of Feng's Christianity, the writer of the letter states that when Feng's army was defeated by Fengtien in the battle at Nankow Pass that practically all of the Chinese Christians who had previously attached themselves to the Kuominchun Army, deserted their leader rather than face the dangers and privations of the long and hazardous retreat across the Mongolian desert to Kansu province. Only one Chinese physician, a Dr. Kao, remained on the job and stuck to his leader. "Feng, himself, almost lost his faith at this time," states the missionary, "but it was the unselfish Christian act of Dr. Kao that turned the tide,....." It was shortly after this that Marshal Feng went to Russia where he remained a year—which naturally was responsible for the rumors which have been spread broadcast that the "Christian General" is no longer a Christian.

THERE has been so much propaganda spread about Feng that last spring an English newspaper correspondent in referring to Feng in a cable to his paper called him "this Christian, Communist, Kuomintang, Beefsteak-eating, Ascetic Disciplinarian, the Nationalist Military Commander, Feng Yu-hsiang." American and British missionaries who are supposed to be well acquainted with Marshal Feng should be able to answer this question regarding his "Christianity," but an inquiry always brings a confusion of answers. One American missionary stated to the writer three or four years ago that he wished the newspapers would cease calling Feng the "Christian General," for the title was likely to become embarassing to both Feng and the missionaries. A Chinese Christian who is very close to Feng recently declared that the Marshal has not renounced his Christianity, but that he is no longer the "crusading" Christian which he was shortly after his conversion. He stated that Feng has a sort of "single-track" mind and when he first came under the influence of Christianity that he was more or less carried away by the belief that Christianity was the one thing that would save China. Consequently he ordered his entire army to be baptized, held prayer-meeting every morning, taught his soldiers to march to the tune of "Onward Christian Soldier," and in fact became a real crusader of Old Testament type. Our Chinese informant declared that many things have happened in China's relations with Western nations which have sorely tried Feng's faith in Christianity. He referred particularly to the May 30 incident in Shanghai which had caused Feng to send a telegram to the Shanghai students pledging his support for their cause even to the extent of military action against the so-called "Christian Powers," if necessary. Feng could not understand how Westerners, whom he had been taught were Christians, could adopt such methods of brutality in dealing with the Chinese. Not knowing what transformation has taken place in Feng's mind since he first embraced Christianity, it is impossible of course to know whether he is still a Christian or not. After all who is to be the judge? In Feng's personal relations with his troops he manages in some way to keep their loyalty, even when he is without funds. There are said to be soldiers in his army who have received no pay for more than a year, but they stick with the "Christian General." It is also a fact that the population of the territories under his control are also loyal to him and this includes several millions of Mohammedans in Shensi and Kansu. Even in Peking the hot bed of anti-Feng propaganda, the rank and file of the people attest to the merits of Feng as a ruler and are said to be awaiting his return to the Northern Capital with unconcealed enthusiasm.

MANCHURIA VS. THE REST OF CHINA!

THOSE who have been following the articles and statements from Chinese official and unofficial sources which have appeared in *The Review* in recent weeks and months pertaining to the subject of the proposed American loan to the South Manchuria Railway must realize by this time the potential dangers involved in this question. The *New Republic* in a recent editorial comment on the subject expressed the opinion "that on the surface the loan seems to be doubtful as a matter of both business and politics." Continuing the *New Republic* said,

> "The security which the Japanese government has to offer is none too good, and might well be regarded with particular suspicion by an American banking house. The South Manchurian Railway Company is operating on a concession which expires in a few years, and was renewed in 1915 by a Chinese government which was helpless under Japanese pressure. Its validity is challenged by the Chinese Nationalists, and if they ever establish an effective government in Peking, the challenge will seriously impair the security of the Japanese title to the railway property in Manchuria which is now being mortgaged. Doubtless the Japanese government is fully capable of protecting its property by armed force, but a railway which needs an army to defend it against an increasingly powerful neighbor and against the probable resentment of the rapidly increasing Chinese population of Manchuria itself does not look like gilt-edged security for a loan. It was the threat which the quarrel about the status of the then existing Manchurian railways raised against the peace of the Far East which prompted President Taft in 1909 to propose to Japan and Russia their neutralization, and if the quarrel involved a menace to peace in 1909, it contains more of a menace in 1928 and after. J. P. Morgan and Company seem to be lending money not on one of the assets of the Japanese government, but on one of its gravest political liabilities."

IT IS difficult for Americans in this part of the world who are familiar with the unsettled political situation which prevails in Manchuria, to understand how financial firms of the standing of J. P. Morgan and Company and the National City Bank could have ever given serious consideration to such a loan proposal. It probably is safe to say that there isn't a Chinese schoolboy of middle-school grade who couldn't have told these American bankers what was really behind the attempt of the Japanese officials and financiers to obtain a loan of G.$40,000,000 from the United States. Therefore, in view of the fact that the American Government must have in its archives complete detailed reports on the situation in Manchuria, it is all the more difficult to understand the motives of the American banking houses and their business associates in trying to "put over" this loan. China's reaction upon receipt of the news regarding the proposed loan, was immediate. In Nationalist circles the loan was interpreted as a Japanese attempt to obtain American financial and diplomatic support for Japan's colonial enterprises on Chinese soil, even to the extent of

intervention in support of Marshal Chang Tso-ling as the dictator of North China and possibly of all China if the thing could be managed. In Governmental and civilian circles in North China, both in Peking and in Manchuria, even the Chinese militarists who might have stood to gain indirectly from the loan, were opposed to it, nevertheless, on the ground that it would tend to consolidate Japanese interests in Manchuria leading more and more in the direction of the establishment of a colonial administration on Chinese soil similar to the present status of Korea.

IT IS out of situations such as exist in Manchuria that world wars are made, hence it reflects no credit upon American financial and business interests that they went to the extent of trying to bring pressure upon Washington to obtain approval of the loan. The South Manchuria Railway interests for many years have been conducting an intensive propaganda in the United States with the object of undermining the American policy of the Open Door in respect to China's three eastern provinces of Holungkiang, Kirin and Shenking, or, as they are popularly known, "Manchuria." Hundreds of thousands of dollars have been spent in advertising in a certain clsas of magazines in the United States for the purpose of creating the impression that Manchuria in not a part of China, and that in some way it was linked with Japan. These advertisements, superficially, were placed in America for the purpose of attracting tourists to travel over the Japanese-owned, South Manchuria line, but a careful perusal of the advertisements disclosed an underlying motive that went deeper than a mere attempt to attract American tourists. An American who spent several years investigating conditions in Manchuria recently stated his belief that the Japanese had spent more money advertising the South-Manchuria Railway in America in one year than they had realized from the sale of tickets to tourists in an entire decade. Then in addition to the advertising and other propaganda in the American press, the Japanese have also spent vast sums in propaganda schemes in China, also with the object of influencing American opinion on this question, one phase of which has been the subsidization of a magazine in China which has very little circulation here, but thousands of copies of which are mailed to the United States.

THE propaganda has also gone further afield in the holding out of the bait of profitable business for certain classes of American industries in the event the loan could be floated. For example, the president of the South Manchuria Railway in a recent interview with the *Associated Press*, stated that it was the intentions of the Railway to spend a considerable portion of the loan on railway equipment in America. This of course interested such firms as the United States Steel Corporation and the American Locomotive Works, both of which interests have long been closely associated with Japanese enterprises in North China. The American Locomotive Works, for instance, has always been represented in China by Mitsui and Company and Judge Gary the late president of the United States Steel Corporation constantly advocated a policy of "American money and Japanese brains in China," meaning by this that America should lend Japan the money for the conquest of China. Thus we have the interesting combination of American finance and big business as represented in Morgan and Company, the National City Bank, the United States Steel Corporation, American Locomotive Works, and other interests all working with Japanese imperialistic interests to undermine the traditional American policy in China as exemplified in the Open Door, not to mention the treaties which were signed at the Washington Conference which guaranteed the territorial, political and administrative integrity of China. It would not be surprising that the recent activities of these concerns in respect to the proposed Morgan loan to the South Manchuria Railway, might have a reaction in the present session of Congress and result in legislation which would prevent American financiers and businessmen from promoting policies inimical to the welfare of the American prople in this part of the world in their future relations with China.

THE shortsightedness of these American interestr should be apparent even to those unfamilias with the intricacies of international politics in the Far East. *America is interested in the trade of all China, an essential requisite for which is the goodwill of the Chinese people in all parts of the Chinese Republic.* The American people instinctively recognize the fact that the good will of China's four hundred millions is an asset of incalculable value. This Chinese friendliness toward America is something which has been built up over many decades so that the American diplomat coming out to China now is not faced with the problem of *developing* good will for America. The good will is already here; all the diplomats have to do is preserve it by preventing American interests or non-American interests from taking actions which might have the effect of undermining the good will which we already possess. The fact that American trade has increased in China by leaps and bounds in the past quarter century should be sufficient to attest to the correctness of these statements. Recent trade figures published in these columns of *The Review* show that America, largely as a result of recent events, is now occupying second place in China's foreign commerce, America's portion only being exceeded by that of Japan. In view of this situation it is difficult for intelligent and patriotic Americans familiar with this situation to understand the motives of certain American financial and industrial interests referred to in the foregoing, who apparently would, for the sake of immediate profits, undermine America's position in the entire Far East by going into partnership with the Japanese imperialistic interests in Manchuria. To put it bluntly, these American bankers and industrialists, would, for the sake of handsome immediate profits in Manchuria, undermine the good will of the Chinese people generally toward the United States. Certainly this is a most short-sighted policy and there is hope now that the American Government has decided to take a firm stand and prevent the consummation of their schemes. From the standpoint of the American financiers themselves, all we have to say is that their actions deserve the strongest possible condemnation on the part of both the American and Chinese peoples. Our hope is that they were acting through ignorance of the real situation and not with a knowledge of all the facts. If they *were acting* with a full knowledge of the facts, then the whole thing should be investigated by the American Government and a stop put to such practices, for as stated in the foregoing, these are the sort of business policies which lay the foundations for future wars. It has been rumored for some time that the American Government was contemplating the investigation of Americans in the Far East who have been trying to undermine the traditional policies of the Government in this part of the world. Perhaps this Manchurian incident will be the thing which will precipitate action!

SENATOR GUY D. GOFF'S VIEWS ON CHINA

UNITED STATES Senator Guy D. Goff who was in China last summer has contributed an extremely interesting article to the *Washington Post* in which he analyzes conditions which prevail in this country. The article bears the mark of careful preparation, the only minor mistakes noticable are that he places Gen. Yang Sen in Kweichow province and Marshal Wu Pei-fu in Yunnan province. Both Wu Pei-fu and Yang Sen are now in Szechuen, were in Szechuen when Senator Goff was here, and so far as we know have never been in the places where the Senator placed them, which is a strange slip since the remainder of the article indicates quite plainly that Senator Goff must have had the assistance of someone more or less familiar with China when the article was prepared. In addition to its appearance in the *Washington Post*, the Senator also caused the same information to be printed in the newspapers in Australia and New Zealand where he visited following his trip to China. The article is too long for reproduction in its entirety, but briefly it constitutes a carefully and skilfully prepared argument for armed intervention on the part of the United States, Great Britain, Japan, France, Holland and Italy, for he says.

"These nations are confronted (in China) with the necessity of choosing between friendly, immediate, inexpensive intervention, or a future costly devastating horrible war..... Many say that intervention is as impossible as it is impracticable. Many say that China should be allowed to work out her own destiny. Those who so argue, suffer and are enmeshed in the fallacy of reasoning by analogy. China has tried for sixteen years to find a George Washington to lead her out of a wilderness of howling, looting, bribing, grafting chaos, and neither by night or day, in answer to her pathetic cry, 'Come over into Macedonia and help us out,' has there ever been an answering voice or an echo to her cry. Is China to go on slowly committing national and racial suicide? Is civilization doing its duty when it stands placidly by and sees a great people helplessly, hopelessly and supinely rushed to its ruin? Does civilization answer the test when it does not step in for the sake of humanity and aid those who can not help themselves. Am I to refrain from preventing a suicide merely because certain schools of thought proclaim that every individual has the right to do with his life as he sees fit?

"Is the present civilization of which we boast, worthy of the name or worthy of continuance if it allows a Nation not only to destroy itself, by ruthlessly murdering its inhabitants, but to destroy its relationship and its place in the family of Nations?

"In a word, does civilization transgress or commit evil when it says: "You have tried for 16 long years to find your way out, to find even a pathway that leads to the road that brings you to the light, and you have not only failed, but in your failure you have brought waste, rapine and ruin upon a peaceful and prosperous people, and you are also bringing utter and hideous destruction upon those who have the right to look to you for security, salvation and the right to live."

"These are the questions which the Chinese problem includes, and upon their correct answer lies the immediate salvation and the future welfare of more than a billion human souls, and the peace and prosperity and the continued liberty and happiness of the entire world today."

The foregoing are the concluding paragraphs of Senator Goff's article. The remainder of the article is made up of a description of conditions which prevail in China and might have been taken from Rodney Gilbert's book, "What's Wrong With China," which was another skilful argument for intervention based on the proposition that the Chinese are racially and intellectually inferior to Westerners, hence should be taken in hand by the Powers and their problems solved for them. The following paragraphs show the trend of Senator Goff's reasoning:

"The Chinese people are ignorant, long-suffering and pathetically patient. They see things from an Oriental point of view. They do not think as the Western nations do. Their point of view and their outlook on life, mentally, morally and ethically, is diametrically opposite to that of the citizens of the West. The Chinese, as a nation, live in the past. They are introspective and static and never dynamic. They determine things and do things as their fathers did—not the fathers of a generation ago, but the fathers of 40 centuries ago. They are the victims of maxims, no doubt completely applicable to the times of which they were the outward expression; but in no sense useful in this prospective, progressive and moving age.

"The people of China are content to meditate and reflect and find enlightenment in what the Western world can classify only as mental and moral darkness. The people of China, if I may so phrase it, orientate by facing antiquity, utterly oblivious, so to speak, that the dead past, regardless of its wisdom, and its ethics, can not enlighten or illuminate the pathway of a present that is always converging on the future.

These unfortuuate people--and I use this term advisedly —are reduced today to a state of abject subjection, where misery and red-handed anarchy rule supreme. The overwhelming majority of them are helpless, fatuous and hopeless. They are a nation of 400,000,000 people, and 98 per cent of them are illiterate. Once they had, when it flourished in the infancy of human thoughts, a great civilization. The people never outgrew it, and it has ever failed to save them.

It is a civilization that dates back 5,000 years. Its great thinkers lived and recorded their thoughts four centuries before the birth of Jesus Christ. Its great philosophers were the contemporates of Aristotle, Socrates and Plato. The day of such things belongs to the sacred and the reverential past, and that it can not serve mankind as a practical form today is proved in the answer to the question: If the civilization of China is worthy to be copied, worshiped and followed in this busy, practical—yes, altruistic—period of the twentieth century, what are its beneficial effects upon the people who now inhabit the continent of China; and, judging them as its finished product, what has it done for them?

The great majority of the intelligent Chinese today are practically unanimous in condemning this widespread misrule of the warlords. These so-called patriots confiscate property, loot the homes and the business houses of their constituents, starve and terrorize the multitude and make human life the cheapest commodity in all the world. In fact, during the last sixteen years, since the formation of the Chinese republic, the attempt to engraft the principles of democratic government on this helpless and hopeless people, schooled, environed and indoctrinated for 5,000 years with every degree of superstition and dependency, has meant and will mean for some time to come death, slavery and the visible pursuit of annihilation.

China, left alone, might have worked out in her own way an escape from her present chaos. She has not been left alone and she is not now and she never has been free to be herself and to think out and choose her place among the nations of the world.

The Chinese people are morbidly and weakly susceptible. They are intensely sensitive and responsive to suggestion. As a people, they have neither a sense of obligation nor a spirit of forgiveness. They are easily excited and when passion and anger hold their sway, both their graciousness and their gratitude lose all sense of memory.

Following this wholesale indictment of the Chinese people, the Senator from West Virginia then attributes all of the present trouble to Soviet Russia, a country which he describes in the following characteristic language,

Russia, the malicious and the malignant; Russia the sinister and the perfidious; Russia, always the growling, snarling, undomesticated bear, is the cause of it all. Russia is the pariah and the venomous outcast of civilization. Russia destroyed her own civilization and history will indelibly record that she can never remove this blot from her escutcheon. Russia denies the existence of a God and glorifies herself in this position. Russia destroyed the Christian home, degraded womanhood and made the little children of her firesides, the visible immortality of the race that they are, the mere pauperized pets of the State.

Russia today, the marionette of the Third, Internationale or vice versa as the regencies may require is training her citizens to be prowling, spying beasts ready to devour all who may cross their track. In a word, Russia is a reversion to the Tartar from which she sprang and she plans to dominate the Orient and the world as compensation for her self-expulsion and her self-flagellation from the family of nations.

HAVING no knowledge of Senator Goff's background or his political and business affiliations we can do no more than accept what he has written as his own personal honest convictions. But we are made somewhat suspicious on this point owing to the enthusiastic manner in which Senator Goff's articles and interviews have been taken up and exploited by the local British "die-hard" press and organizations on the China coast which have been working for military intervention in China for many months and years. Senator Goff's articles and interviews appeared simultaneously in all of the "die-hard" newspapers here which, as stated, gives it the appearance of being part of a campaign. However, this may have been accidental, so we give him the benefit of the doubt and accept what he has said and written as being his own. Senator Goff's wholesale indictment of the Chinese people and his allegation of sole Russian responsibility for present conditions in China will fail to carry conviction in thinking quarters because he entirely ignores the obvious fact that the Chinese people are and have been for many years engaged in a revolution for the very purpose of eradicating the evils that he complains about. The evils in Chinese life which the Senator so well describes are recognized by the Chinese intellectual leaders themselves who have worked for many years to correct the abuses. For example the Associated Chinese Chambers of Commerce which have been holding a national conference in Shanghai have just issued a call for a "National Rehabilitation Conference" the purpose of which is to work out plans for improving economic conditions in the country; for eliminating excessive taxation; for trying to bring about a compromise in the struggle between capital and labor; for trying to bring about a reduction in the military forces and for controlling the present military situation by stopping the conscription of labor for military purposes; for providing means for coping with the famine situation; for controlling the issuance and circulation of unsecured paper currency; for codifying commercial law; for preventing the occupation of private property by the military and at the same time preventing the commandeering of private shipping for purposes of troop-transport; for abolishing stamp and other forms of taxation which make it difficult for Chinese merchants to compete with foreign merchants who are tax-free under the extraterritorial system. In addition to these constructive suggestions, the Chambers' delegates voted to petition the Nationalist Government to call a national citizens' conference for the purpose of working out the unification and pacification of the country following the conclusion of the present military phase of the revolution. Then finally the Chambers made definite plans for establishing active exhibitions of Chinese products abroad, especially in South America.

SENATOR Goff was in China at a bad time and we don't blame him for thinking the country had gone completely to the devil. Shanghai was entirely surrounded by barbed wire barricades which not only cut off the little foreign colony here from contact with the Chinese but which also had the effect of surrounding the minds of the foreigners here with equally strong barricades which prevented constructive thinking. Had Senator Goff been in Shanghai recently and observed Chinese businessmen and officials dining at the American Club with members of the American community and mutually discussing the problems of Chinese American relations, he might have gone away with a more cheerful idea of what is really happening in this country. But as stated previously Senator Goff was in China at a bad time. The country was a vast battlefield and the revolution at that time was "red" throughout. There was little constructive thinking anywhere and the Senator was probably filled with propaganda of the Shanghai "die-hard" variety which has always looked upon China in terms of Boxer Rebellion days and can see no future for the country except from the standpoint of a colony of the Powers. He probably read nothing but the local foreign press and apparently swallowed whole everything therein printed, thereby gaining an idea of Chinese life which is as far from the facts as a Chinese impression of Chicago would be as gained from the stories of Mayor Thompson's escapades and accounts of bootlegging wars and gang murders which are cabled to this part of the world. Senator Goff apparently did not know that there is a revolution going on in China, a revolution which has its outward and inward manifestations and a revolution which is making mistakes just as revolutions do in every country. Senator Goff's reaction to this situation was exactly the same as that of the Shanghai "die-hard" whose mind can envisage nothing greater or broader than that conveyed by the term "armed intervention." And finally, to refer to his statement that the Soviet Russians are responsible for all of the trouble in China, we can only call his attention to the fact that the Russians obviously had nothing to do with the First Revolution in 1911, nor with China's demands for treaty revision at the Versailles Conference or at the Washington Conference. The Russians have had much to do with the present revolution and undoubtedly have had a hand in directing the labor trouble, but a man of Senator Goff's political experience should know that Soviet propaganda only thrives where there is a fertile field whether that field is located in the Orient or the Occident. And finally the best answer to his charge that the Russians were in complete control of the Chinese situation, was given last week when the Nationalists kicked the Russians out completely!

Standard Oil Suffers $2,000,000 Fire Loss at Tientsin

Five concrete buildings including a candle factory and box factory belonging to the Standard Oil Company of New York in Tientsin, were destroyed by fire on Sunday, December 24, according to an account appearing in the *North China Star*, the American newspaper in Tientsin. The loss is estimated at more than $2,000,000. The report indicated that the fire may have been of incendiary origin owing to the fact that there had been other fires of a myterious nature in Tientsin previously. As soon as the alarm was given, General Smedley D. Butler of the U. S. Marine Corps stationed in Tientsin ordered out 2,000 Marines who assisted in fighting the fire and preventing it from spreading to oil tanks containing supplies of gasoline belonging to the Marine Corps. Owing to the fact that large stocks of parafine wax were ablaze the fire was of most spectacular character and it was largely due to the work of the Marines that the fire was prevented from spreading to the large gasoline and kerosene storage tanks.

Lingoh Wang, Consul at Manila Transferred to Java

Lingoh Wang, Chinese Consul-General at Manila has been transferred to Batavia, Java, according to a report in the *Manila Bulletin*. He will be succeeded by Koliang Yih, a member of the Peking Foreign Office. Mr. Yih, who is a Cornell graduate previously served as Chinese Consul-General at Vancouver and for a time was connected with the Chinese Legation in Washington. Lingoh Wang, who has served in Manila for two years, recently got into complications owing to allegations that he had exerted pressure upon the Philippine Legislature to prevent action on certain legislation designed to prevent the smuggling of Chinese into the Philippines.

O. M. Green Editor, of the *North-China Daily News* who has been home in England for several months is expected back in Shanghai early in February.

A Trip to Feng Yu-hsiang's Headquarters in Chengchow, Honan

The following letter dealing with the experiences of two American missionaries who recently made the trip from Shanghai to Honan Province is intensely interesting owing to the information which it gives regarding conditions in the territory now controlled by Marshal Feng Yu-hsiang.

Chengchow, Honan, Dec. 14, 1927

Dear Sir:—On December 2 we started for Honan province via the Peking-Hankow Railway from Hankow. We were supplied with military passes issued by the American Consul-General at Hankow and visaed by the Wu-Han Foreign Office. It takes a strong constitution and considerable powers of endurance to travel on this so-called railroad at this time. It was the daily passenger train for Chengchow, but it had only one passenger coach and that very much dilapidated. It was crowded to the limit and then some.

We managed by the use of all the strength we possessed combined with some Chinese polite words to find a place by the door for our luggage and for ourselves on top of it. With us were two other missionaries, Messrs. Ashcraft and Rydine of the Free Methodist Mission of Kaifeng. Fortunately we had fairly good weather. It was fortunate too that many windows were broken so we got plenty of fresh air. The nights were hectic for we were stepped on, sat on, laid on and shuffled about. The Chinese passengers cursed and fought each other to get out and in, but on the whole it was a good natured crowd. We met with little or nothing of anti-foreign feeling, Most of those whom we offered tracts or gospel leaflets accepted them and read them. Soldiers and officials treated us invariably with courtesy. Sometimes it was rather cold courtesy, but this was rather the exception than the rule.

Train Made Only Five Miles an Hour

The train just crawled along. We made on the average less than five miles an hour. The railroad equipment is all shot to pieces. The engines are in bad shape and so is the roadbed. Besides this they have nothing but the poorest kind of coal and every now and then they have to stop in order to poke the clinkers out of the fire-box.

On the third day, we reached Hsuchowfu. This being our first destination, we gladly left our train-prison. Here we met Customs collectors but they let us pass with only a look into one of our satchels. It was Sunday and we reached the mission station just as the service started. We were stopped at the gate by a soldier guard. The General had his headquarters at the Mission station and was himself occupying the foreign house. When we had showed our credentials we were allowed to pass. We joined the little group of worshippers in the Chapel, but were soon sent for to meet the General. He received us courteously and offered to give us a room in our house. We told him we thought the Chinese Christians would make arrangements temporarily. Then we returned to the Chapel to meet with the Christians. Some of them looked frightened, but the majority seemed to be happy to see us.

Hsuchow (on the Peking-Hankow Railway) has been hard hit by the wars and wave after wave of soldiers hordes that have streamed through here as the fortunes of war have ebbed and flowed. Nearly all personal property of the Missionaries has been destroyed or carried away. The foreign houses are just empty shells. Windows and doors are broken. One of the godowns of the British Cigarette Company here was set on fire and burned for nearly a month. The foreigners all having left previously, the communistic propaganda, even at its height, never reached the proportions here that it attained further south. However, here at Hsuchow and in a few other places, there has been considerable persecution.

Mission Property Undamaged Here

We have made a trip inland to Yuchow and Kaihsien. Here the Mission properties are intact and agitation has been negligible. Robber activities stopped us from proceeding further inland. We have heard since that three Catholic priests were taken captive by bandits west of Kiahsien the day after we were there.

Marshal Feng Yu-hsiang and the Kuominchun authorities are making splendid efforts to bring order out of the terrible chaos resulting from the incessant wars and bandit raids. At the same time they are pushing the campaign against Fengtien with undiminished zeal.

We have spent two days at Chengchow, which is Marshal Feng's headquarters. Every other man you meet is a soldier. But each seems bent on some mission and you find no loiterers among them.

1,200 Wounded Troops

We visited the temporary hospital for wounded soldiers of which there are 1,200 here and 500 more on the way. Dr. Kao a Chinese physician with the China Inland Mission and of Kansu fame, is in charge. Dr. Friberg of our Mission has been with him a week. Now he has gone to Hankow for medicines and volunteers Foreign volunteers must first be approved by Dr. Kao and procure a pass from him before coming on. Doctors and nurses are badly needed but Dr. Kao is doing marvelously well with the means at his disposal.

It is said that when Feng's army was defeated and forced to retreat at Nankow Pass, northward of Peking, that many of the Christian bodies who in the days of his prosperity had volunteered themselves, deserted him to save their own skins —when Marshal Feng himself almost lost his faith—it was the unselfish action of Dr Kao, who offered his staff, his equipment and himself to follow Feng's army and take care of the wounded in the trek across the Gobi desert. This turned the tide and this unselfish Christian act deeply impressed Marshal Feng and has caused him to place implicit trust in Dr. Kao.

The undersigned has volunteered to help in his work among the wounded and has been accepted.

A Tribute To Mrs. Rayna Prohme

(*From The Nation, N. Y.*)

Rayna Prohme was one of those flaming personalities who leave a blaze of light behind them. Yet she groped, as most young Americans do in this erratic age; the University of Chicago, the literary coteries of American cities, meant little to her. She drifted to China with her second husband, William Prohme—and there she suddenly ceased drifting. She became a part of the rising tide of Chinese Nationalism. Beginning as sub—editor of Eugene Chen's *People's Tribune* in Peking, she rose to responsibility. A slight wisp of a red-haired girl, she had the courage of her big conviction. One Chinese editor was shot; the others did not dare visit the office; Rayna Prohme produced the daily paper almost single-handed. When Chang Tso-lin's men threatened to suppress it she moved the paper to her own home, and edited it under the extraterritorial protection of the American flag—extraterritoriality never served a better purpose. Later, she went with her husband to Canton and after the victorious northern expedition of the Nationalists, to Hankow. There again she edited the only English-language Nationalist paper in China. Her last act as editor was to publish Madame Sun Yat-sen's' despairing Appeal to the Chinese People (published in *The Nation* for September 21) against the orders of the militarist who was bloodily suppressing the labor and peasant unions. Then, with Mrs. Sun, she left for Moscow, where she died. Though ostracized by colonial-minded Americans of the Chinese cities, and distrusted by her own Government's officials, Rayna Prohme's passionate devotion will be remembered in China when consuls and ministers are forgotten.

Admiral Magruder Would Scrap Our Flagship Pittsburgh

Rear Admiral Magruder, who was recently disciplined by Secretary Wilber of the U. S. Navy Department because of his criticism of the Navy Department's extravagance, recently issued another statement in which he declared the five cruisers, Pittsburgh, Cleveland, Rochester, Denver and Galveston ought to be immediately dismantled. Admiral Magruder's statement was contained in a *United Press* dispatch which appeared in the *North China Star*, the American newspaper in Tientsin on Dec. 20. The Admiral also declared that every naval station on the U. S. Atlantic coast, with the exception of one at Boston, could be dismantled without lowering the efficiency of the Navy.

The U. S. S. Pittsburgh, which Admiral Magruder would dismantle, is the flagship of the U. S. Asiatic Fleet and is the headquarters of Admiral Mark L. Bristol and staff. The Pittsburgh is usually anchored in the Shanghai Harbor except when it is on trips to Chefoo and to Manila.

Three Merchants Deported from Samoa

According to a *Reuter* dispatch from Wellington, New Zealand on Dec. 23, three merchants, apparently British, named O. F. Nelson E. W. Girr and A. G. Symthe have been deported from Samoa for periods of five, five and two years as a result of an investigation made by a Royal Commission of Investigation. *Reuter* report was not very complete but it appeared that the three merchants, headed by Nelson formed a citizens committee which lodged complaints against the administration of Samoa.

Developing A Modern Chinese Newspaper in Shanghai

BY HOLLINGTON K. TONG

THE *China Times* since its reorganization four months ago has become the best edited Chinese newspaper in Shanghai, and for the first time during twenty years of its existence has been able to make both ends meet through the increase of advertising and circulation receipts. If the *Shun Pao* and the *Sin Wen Pao* do not endeavor to improve the make-up of their papers and give a larger amount of space to local news or news of human interest, the *Times* has a chance of becoming the first or second paper in Shanghai. The men who have made it so successful in so short a period of time are T. B. Chang and Y. P. Wang, General Manager and Assistant Manager, respectively of the *Shun Pao*. Mr. Chang who is a St. John's graduate, has made the *Shun Pao* what it is today and Mr. Wang who received his journalistic training in the School of Journalism at the University of Missouri has also been a member of the staff of the *Shun Pao*. The case of the *Times* shows that a Chinese newspaper even with twenty year's history at the back of it is not sure of its permanency until some experts have taken a hand in its management.

A Chinese newspaper cannot consider itself as having been permanently established until it is able to make sufficient money to cover its monthly expenses even though it has a history behind it. The *Times*, which made its first appearance twenty years ago, must have lost more than half a million dollars before a group of Chinese bankers bought it in 1926. After having taken over the *Times*, the bankers hoped to influence through it public opinion in regard to China's finance and its administration. Under their auspices the *Times* was pro-Kuomintang, but in spite of this it was not permitted even to publish editorials which would serve to promote the interests of the ruling territorial authorities. Finally the bankers became so disappointed that in August this year they sold the paper for whatever the buyers were willing to pay. Thus ended the banker's attempt to run a newspaper in failure just as the politicians had failed in trying to make the *Times* a success for a period of nineteen years.

Bankers and Politicians Poor Editors

This and other similar cases have amply demonstrated the futility of bankers or politicians trying to manage Chinese newspapers and run them as commercial propositions. For a time, if the bankers or politicians have plenty of money to spend, they are able to make the papers out-shine others in brilliancy, but when they experience the slighest difficulty or face a knotty problem or when their funds runs short or the territorial authorities intervene, they leave the paper to die a natural death or permit it to drag on until no one pays to it any attention except less well informed foreign firms or foreign advertising agencies which continue to patronize it as usual and enable it to prolong its miserable existence. It is an interesting observation that it is difficult for a Chinese newspaper to make first connection with foreign advertising sources but once a connection has been made, usually no more inquiry is made as to the circulation of the paper and advertisements are sent to it regularly irrespective of the fact whether that paper now has a circulation of five hundred copies or five thousand copies or fifty thousand copies a day.

At the time when Messrs Chang and Wang took it over the *Times* lost four thousand dollars a month. Through four month's hard work they were now able to make both ends meet, and I consider this an example of efficient management. During my present visit to Shanghai I regard the reorganization of the *Times* on a business basis as worthy of study and hold the view that other papers which are continously losing money could be made to earn dividends if experts are willing to run them efficiently and scientifically. One reason why such is possible is the growing belief of Chinese men in the efficacy of newspapers as an effective medium to bring buyers and sellers together and in the necessity of the existence of newspapers whereas some few years ago the newspaper in North China was considered as an organ for blackmailing and the newspaper in South China was regarded as something superfluous. Once business men realize the importance of a newspaper and advertise in it, it becomes easy for the newspaper to exist, but it is still up to the experts to insure its permanency by placing it on a commercial basis.

Praise From Reuters

An old proverb says: Nothing succeeds like success When the *Times* was on its way to success, *Reuters* also rendered assistance by raising its standard as is shown in the following letter, an interesting document. written to the *Times* by its Manager for the Far East: "I have pleasure in informing you that your grading in Reuter's list of Chinese newspapers is now of the first class rank. We beg to tender you our congratulations on the rapid progress your newspaper has made and also our best wishes for your continued prosperity. That *Reuters* now classified *The Times* as the first grade rank is rather interesting. This shows that the management of *Reuter* is watchful of the circulations of various Chinese newspapers which use its service. Messrs Chang and Wang have built up the circulation to such an extent that the paper is now a first grade paper.

Defended the Provisional Court

As to the reasons for the popularity of the *Times*, they are easy enough to be found. In the first place it has a policy—a policy which is endorsed by the majority of the people. For instance, sometime in October it published an editorial denouncing the attempted interference in the administration of the Provisional Court in a most fearless and outspoken tone, which other papers dared not do. The appearance of such an article indicated that public opinion was solidly behind Mr. Loo in his plucky fight for the independence of the Court which had been much handicapped by constant interference from some quarters and at the same time indicated the courage of the publishers of the *Times* in championing the rights of the people. Such an attitude taken by the *Times* naturally makes it popular. This counts for the increase in circulation.

Secondly the *Times* has a better make-up. Its stories or news items have attractive headlines which tell everything one desires to know if one does not have time to read the contents. No modern newspaper can long live if it does not reform its headline writing, for modern people are too busy to read all the news items to discover what is interesting and what is in their line. Thirdly the *Times* devotes plenty of space to local news and especially to news of human interests which portray the present conditions of society. Although the moralist cannot agree on the wisdom of giving prominence to such news items, a good journalist will always emphasize that whatever has news value is fit to be printed and that by suppression of news of human interests you will not be able to improve the social conditions. The *Times* prints such social news more than any other and writes it up attractively and gives vivid headlines which attract the first attention of readers when the paper is opened.

The weakness of the old established *Shun Pao* and the *Sin Wen Pao* in Shanghai in the publishing of news of human interests has been largely responsible for the springing into existence of small one-page papers such as *Chang San Tang Tze Pao*, the *Diamond*, the *Small Diamond*, *Ah Yao Kai Hsin* (*How Happy News*), the *Traversity*, the *Small Daily News*, the *Hai Pao*, the *Pao Pao* (*Newspaper's Newspaper*) the *Crystal*, *Le Jade*, *Ha Ha* (*Laughing*) *Pao*, *Ping Pao*, the *Robinhood*, the *Ming Pao*, the *Shanghai Sin Wen*, etc: A newspaper like a person must have a personality if it is to succeed. The *Times* under the able editorship of the poet, Mr. Chao Sho Yung and Pao Kung Pi has a personality of its own which is lacking in the other large papers and is also lacking in the string of small one-page papers just mentioned which cannot afford to have it. The *Times* undoubtedly has a place in Shanghai's journalistic world. This is one interesting phase of the development of Chinese journalism as it appears to a journalist who has just passed through Shanghai.

Shanghai Dec. 29, 1927

Settlement Has 5,250 Private and Public Motor Cars

The Shanghai Municipal Council has just made public in the *Municipal Gazette* for Dec. 30 the number and makes of private and public motor cars registered in the International Settlement, the total being 5,250, of which 4,901 are private cars. There are 206 different makes. The total number of motor trucks registered is given as 1047 of which 618 are privately owned. There are 125 different makes of trucks registered. In addition to the motor cars and trucks there are 800 motor cycles, the number of different makes being 109.

The Buick with 612 private and 62 public cars leads with the Ford second with 430 private and 85 public cars. Other popular American makes, of which there are more than 100 each registered in the Settlement include the Dodge with 189 private and 32 public cars, Hupmobile with 165 private and 24 public cars, Studebaker with 347 private and 19 public cars, Cheverolet with 205 private and 24 public, Overland with 134 private and 45 public cars, Essex 122 private and 12 public. Among the popular European makes are the Austin with 193 private cars, Citroen 203 private cars, Fiat 241, Morris Cowley 223, Morris Oxford 141, Standard 119. There are 43 Packards, 39 Cadillacs and 10 Rolls Royce cars registered in the city. Among the trucks the Ford leads with 224 private and 95 public. Figners were not given for the French Concession,

Economic Consequences of the Japanese Financial Crisis

BY DR. WASHIO

(In the Japan Advertiser)

THE direct cause of the spring panic in Japan was the obstruction policy of the Privy Council in intrigue with the Seiyukai against the emergency relief measure for the Taiwan Bank proposed by the Wakatsuki Ministry. To extricate themselves from this blame, Seiyukai spokesmen have said that the cause was traceable to the retrenchment policy of the Kenseikai Ministry and that the panic would have occurred sooner or later, even without the Taiwan Bank question. This quarrel is like the quarrel about the responsibility for the World War. The fundamental cause is to be traced to the inflationist policy during and since the war. The Seiyukai was mainly responsible for that and retrenchment had so long been put off that when the Kenseikai Ministry, urged by the necessity of the time, avowedly made it its policy it could not but bring a panic.

There is, however, a special truth in the opinion that even without the Taiwan Bank question the panic would have come sooner or later. The general public did not realize this when the Taiwan Bank question occurred, but as the conditions of the closed banks are known this truth dawns upon us startlingly. We wonder now how such conditions could have been covered up so long. Let us see:

Bankrupt Banks

The Taiwan Bank with the capital of Yen 41,141,000 (including its paid up shares and reserved fund) had a loss of Yen 356,000,000. How could such a bank keep going? Naturally it precipitated the panic.

The Fifteenth Bank had Yen 49,750,000 of paid up shares and Yen 34,630,000 of reserve fund. Baron Goh, when he first drew up its readjustment plan, estimated its loss at Yen 150,000,000. But is now abandoned as an under-estimation. According to the estimation of the Finance Ministry it will not be less than Yen 190,000,000. It is obvious that this bank could not keep going very long even without the Taiwan Bank question and the spring panic.

Of other numerous smaller closed banks the readjustment procedure is so slow that we do not yet know anything definite as a whole, but the conditions of the Murai Bank and the Nakai Bank, which were the first to see the prospect of readjustment, may be taken as samples, perhaps better samples than the average. The Murai had a capital of Yen 18,391,000 and sustained a loss of Yen 51,000,000. The Nakai had a capital of Yen 14,876,000 and sustained a loss of Yen 29,940,000. In the case of the Taiwan Bank and the Fifteenth Bank the colossal losses were carried along in the hope that they could depend on the Government at the last moment. But it is a wonder how these smaller uninfluential private banks could have covered up so large losses for so long. When we know these conditions we see clearly that the panic had to come even without the Taiwan Bank question. It was inevitable. We wonder rather why it did not come earlier and how it could have been confined within the extent of the spring panic.

Big Panic Averted

It has so far been successfully confined within that extent. A general and greater panic was averted, as we all know by the moratorium and the emergency legislation, which promised Yen 500,000,000 for general relief and Yen 200,000 specially for the relief of the Taiwan Bank at the taxpayers' cost. Hardly a month before, Yen 207,000,000 had been promised in the earthquake draft relief bill. The total of Yen 907,000,000 was, therefore, taken out of the people's pockets and given for the relief of the panic. Of this Yen 207,000,000 of the earthquake draft relief bill and Yen 200,000,000 of the Taiwan Bank relief have already been paid out. The Taiwan Bank has also obtained Yen 40,000,000 out of Yen 500,000,000 of the general relief bill. Yen 80,000,000 more of it will soon be given for the relief of the Fifteenth Bank. Before the end of the year the depositors of four other closed banks (4 out of 27) will get about 50 per cent of their deposits. That requires Yen 46,000,000 and this sum is also going to be advanced from the Nippon Bank out of the general relief bill through the Showa Bank (a new bank into which they are merged). The remainder of Yen 500,000,000 will be spent in the near future as the readjustment plan of the remaining closed banks proceeds.

Politics Saves the Banks

In other words, Yen 907,000,000 new capital created by the inflation of the Nippon Bank's resources on the prospect of the recovering it in future years from the tax payers is given to the closed banks for the relief of the panic. I remember that Mr. Mitsuchi, Finance Minister, said somewhere that if it had been America these closed banks would go into the hands of the receiver and all accounts would be settled accordingly but such simple solution was not permitted by the Japanese law. I do not know about this, but isn't it odd that the Japanese Government that can propose almost any emergency measure to the extent of taxing the innocent people for Yen 907,000,000 overnight, could not think out an emergency measure to achieve what is permitted in the American law if it really wanted the same simple straight solution. Isn't it rather politics than law that prevented it? At any rate, the spring panic has given a gift of Yen 907,000,000 to the closed banks. They are saved from bankruptcy by this easy profit. See for example how the Taiwan Bank is saved. With the total of Yen 41,140,000 it had the debt of Yen 356,000,000. Under a straight solution its shareholders would not be able to save the bank even if they would go to the limit of their obligation. But thanks to the relief measure its shareholders lost only Yen 28,016,000 and the bank is restored. Since all capitalistic interests are more or less interrelated, the profit of Yen 907,000,000 that went to the closed banks as the result of the panic is shared directly or indirectly by the capitalistic interest as a whole. In short, the capitalism of this country earned a profit of Yen 907,000,000 by the panic and this profit saved it for the time being from inevitable collapse.

Economic Consequences

If we take a straight solution as the basis on which the post-panic finance ought to begin the relief of Yen 907,000,000 clearly means just so much inflation. The panic was got through by the inflation of Yen 907,000,000. What will be the economic consequence of this inflation?

The first consequence was the superabundance of capital, which still continues, in the hands of the first-class banks. This concentration of capital is generally explained as the result of the transference of deposit money from smaller to larger banks. That was, of course, the direct cause of it. But we should also remember that there is from Yen 500,000,000 to Yen 600,000,000 emergency loans made by the Nippon Bank which has not yet been returned and has, therefore, floated into the hands of large banks. At the time of the panic the amount of the emergency loans reached over Yen 2,000 millions. It has since been reduced to the above-mentioned amount, which has stayed fixed since the summer. A large part of it is practically irrecoverable and has to be made good by the emergency relief bills. As the readjustment plan of the closed banks proceeds more will be advanced and that will again float into the hands of large banks. This superabundance of capital brought about, as we remember, a record low rate of interest. This is another clear profit for capitalism that has come as a result of the panic.

Other things being equal, a lower rate of interest will reduce the cost of production and bring lower prices, but under the inflated capitalization from which our industry is suffering a lower rate of interest may serve merely to give it a longer lease of life. To have a clearer idea on this question let us see the further consequences of the panic.

Concentration of Capital

The panic has brought about a transformation of our financial system. The concentration of capital in the hands of large banks is one evidence of the transformation. The other is the amalgamation of smaller banks and their subjection directly or indirectly to the existing larger banks. The Showa Bank is an outstanding example and it will be followed in the readjustment of other closed banks. The amalgamation of small banks has been encouraged by the Government for many years but it had been very slow in coming until the spring panic gave it an unusual impetus. The panic has automatically brought about the tendency toward the financial consolidation of the country. In itself it is a legitimate development of our capitalism.

But conspiring with this development there has been a frenzied activity among our industrial interests toward cartels or combines. Cartels existed for many years in nearly all fields of our industries before the panic but it was loose. The panic has visibly tightened the system. The object lesson of the panic and the necessity for self-protection irresistibly drove our business men to the cartel system. The most conspicuous examples of it can be seen in the cotton spinning industry, which has twice since the panic agreed to curtailment of production. The cement industry has, also, resolved to cut down production and this resolution was followed by raising the price by 50 sen a barrel. A similar activity is going on in the sugar industry. The steel, lumber and paper industries

have to be helped by a rise of import duty. But the most startling development is that even the silk industry has now agreed to curtailment of production. The cartel system that has for its object the regulation of output in order to maintain paying prices on the basis of the present inflated capitalization is almost universal. It is one remarkable result of the panic. Our capitalism thus reorganized on the basis of its inflated capitalization is prepared to fight its last battle for self-protection.

Capitalism Saves Itself

Now, we have three evidences to judge what will be the ultimate consequence of the panic; the inflation of Yen 907,000,000 at the people's expense, the record low rate of interest largely brought about by this inflation and the control of prices by cartels. By this three fold development our capitalism has not only been saved from a general collapse but has tightened its grip on the unsuspecting people. Armed by these weapons it is looking for better, at least easier, times to begin from the next year and in view of the profit of Yen 907,000,000 it has made as the result of the panic, the record low rate of interest and the organized power for the control of prices it does not seem altogether impossible to conjure up an ephemeral prosperity. It will not be a prosperity for the people as a whole. For the people, all these consequences of the panic means harder times, but a prosperity for the capitalist interest exclusively may be brought about to some extent by bleeding the people white. The people who have to bear the burden of Yen 907,000,000 for relief measures and whose incomes have been reduced by the low rate of interest, will next be tortured by curtailment of production, rising prices, increasing unemployment and lower wages. The limit of our capitalism is the people's endurance but until that limit is reached our capitalism will go on dancing on the edge of the volcano. That will be the ultimate economic consequence of the panic. It is fortunate for our capitalism that it has still a docile people to prey on.

Five Russians Held in Jail at Soochow

Five citizens of Soviet Russia named Moumanine, Socol, Berg and Mr. and Mrs. Veger are being held prisoners in Soochow, Kiangsu province by the Chinese authorities on charges that they were guilty of conspiring to overthrow the Nationalist Government. Owing to the fact that they have all been exonerated by the Chinese High Court, but are still being held prisoners, they are reported to have gone on a hunger strike on December 22 and are still reported to be refusing food. The Russians were arrested at Swatow upon the recommendation of the British Consul at that port on September 30. They were at that time on board a British ship. They were removed from the ship at Amoy and sent to Shanghai on October 9 and handed over to the Chinese authorities here. On October 27 they were sent to Nanking where they were held in jail Nov. 7 when they were sent back to Shanghai. On Nov. 9 they were sent to Soochow where they have since been detained. A charge of treason was filed against them on December 3, but at the preliminary hearing on Dec. 16 two of them, Socol and Berg were acquitted and ordered released. The other three were ordered held for trial without bail. However no further trial has been held and according to report all five of the Russians are still being held, the Chinese claiming that there has been a change in criminal procedure since the original charges were preferred. It is reported that Quo Tai-chi, Commissioner of Foreign Affairs at Shanghai has ordered all of them deported, but thus far no action has been taken, as a result of which the Russians have adopted the hunger-strike method of bringing their case to public attention.

Standard Oil Company of N. Y. Makes Further Soviet Contracts

According to an article in *The Nation*, N. Y., for December 7, the Standard Oil Company of New York has entered into another agreement with the Soviet Government for the purchase of Soviet oil, the present contract making the fourth which that company has recently negotiated. According to the article the present contract calls for 60,000 tons a year which brings the Standard's total purchases to 1,700,000 tons. "These successive contracts," declares the editor of *The Nation*, "may be hailed as the signs of a coming rapprochement between the Soviet Union and the United States and indicates the strengthening credit position of the Soviet Government making it more likely that it will be able to obtain capital in the United States" The same article states that Sir Henri Deterding of the (British) Royal Dutch-Shell, who opposed the American Standard's dealings with Russia had started a price-cutting war in India. Spain has also joined the ranks of defection and has now arranged to purchase half her oil requirements from Soviet Russia in future, states the report.

Another American Loan to Soviet Russia

(By Walter Duranty in the New York Times)

Moscow, Nov. 29.—Deep satisfaction is being expressed here over the contract just signed by the Soviet Government with an American group headed by Percival Farquhar of New York. It is regarded as the first real breach in the barrier which America hitherto has maintained against long term credits to Soviet Russia.

The contract, which, it is pointed out here, is not a concession, provides for a six-year credit of $40,000,000 for the construction and equipment of immense steel works in the village of Makeyeva, in the centre of the Don coal and iron basin, regarded as the future "Russian Pittsburgh."

Two Vital Points in the Contract

Makeyeva already has fair-sized steel works, erected before the World War by a French group financed by the Credit Lyonnais, but your correspondent is informed that Farquhar plan contemplates an entirely new and separate plant.

In addition to the "breach in the credit barrier," there are two extremely important features in the Farquhar contract. The first is the agreement by the Soviet Government to supplement and guarantee the enterprise, which is to be handled by the Soviet trust, known as "Yugostal" (literally "south steel") by the allocation of $25,000,000.

The second proviso is that at the termination of the six-year period, the Farquhar group, if it wishes, can "consolidate the debt" into a twenty-year loan, receiving in return extensive railroad and metallurgical "concessions."

There have been interminable discussions regarding the Soviet guarantee. The American group at first demanded that it be deposited in a foreign bank. To this the Soviet representatives replied that the Soviet Union could not afford to leave such a sum idle. It is impossible to obtain the exact details but your correspondent has been assured that the final compromise was in the nature of a genuine guarantee.

Look to Vast Railway Project

The possibility of consolidating the credit in exchange for concessions is the most interesting feature of the whole agreement.

More than two years ago, when Mr. Farquhar first began negotiations, substantiated by visits of groups of American and German technical experts, his original plan concerned railroad development on lines familiar to the United States but unknown to Russia-namely, the establishment in the Don region of a service of heavy trains of seventy or more cars carrying thirty or more tons apiece, drawn by huge locomotives.

This would have required a wholesale reorganization of the Russian roadbeds, rails and bridges, which seemed difficult without a larger capital investment than the Americans were then prepared to make.

But the insertion in the present contract of the clause for debt consolidation in exchange for concessions holds out vast possibilities for the future.

Your correspondent understands that Mr. Farquhar has the backing of one of the leading New York financial establishments which, cooperates with big German banks, and that the German metallurgice concern of Otto Wolff will supply part of the equipment and the technical advice.

Regarded as Rapprochement Step

The contract signed by the Soviet Government with a group of Americans headed by Percival Farquhar of New York is regarded in responsible circles here as a long step towards economic and political rapprochement with the United States.

The late Leonid Krassin long ago declared that several big American concessions and the natural growth of Russian-American trade would inevitably bring recognition.

Adolph Joffe, Vice Chairman of the Concessions Commission, who recently committed suicide, believed that Russia's concession policy must stand or fall by American capital initiative and enterprise. Europe and European capital, he felt, would play a comparatively insignificant role in developing Soviet Russia's vast resources.

Big American concessions are also considered as one of the best guarantees of peace since large American investments in Russia are bound to operate as a powerful preventative to European counter-revolutionary schemes and make for the steady growth of the country's economic welfare.

The authorities consider that the Farquhar contract is important because the agreement provides large credits for the developing of one of the main branches of Soviet Russia's heavy industry, and credit is one of its essential needs.

The Resources Of Manchuria

BY J. A. J.

MANCHURIA is rich in mineral deposits, gold, silver, iron and coal being most abundant. In coal output, it is second only to Chihli and Shansi. Many known deposits are still untouched owing to their present inaccessible location. The Fushun coal mines are one of the principal assets of the South Manchuria Railway Company and are located about 20 miles East of Mukden. These mines are connected by rail with the main line. The S. M. R. acquired these mines in 1907 and they cover some 16,500 acres, being nearly 10 miles from east to west and 2½ miles from north to south, with veins ranging in thickness from 78 to 420 feet, the average being 130 feet. The impurities do not exceed 20 feet in total thickness, and the total coal content is estimated at over 1,000,000,000 tons, of which, up to the present, 50,000,000 tons have been mined. It is recorded that these coal deposits were originally discovered some 700 years ago by Koreans who worked them in a very primitive way, but, later, the Manchu government forbade further operations as they feared they might interfere with the spirits of departed Imperial ancestors whose graves were in the vicinity. When the Russians entered Manchuria, they took up mining here, but on a limited scale. The daily output in the time of the Russians never exceeded 360 tons. Under Japanese management, extensive improvements have been made and numerous modern methods introduced, about Yen 51,000,000 having been invested in this connection. A number of pits have been sunk and the spectacular "open cut" made whence huge amounts of coal are stripped which has increased production to the point where in 1926 the output was 5,737,306 tons which will be increased by 1932 to 8,000,000 tons annually, i.e. if nothing happens in the interval to upset Japanese calculations. This latter figure is said to be the practicable maximum output. It is thus calculated that mining can be continued for another 85 years. It is estimated that about 200,000,000 tons may be taken out by the stripping method, by which the recovery is about 100 percent, while the remaining 750,000,000 tons must be taken out by the hydraulic stowage system through which from 60 to 70 per cent may be recovered. Fushun coal is bituminous, of high quality, and suitable for locomotives and steam engines, being also excellent for gas making. A Mond gas producer plant has been installed which generates electric power and also produces a large quantity of sulphate of ammonia as a by-product, and coke ovens are also maintained. The coal is being used by the South Manchuria Railway and large quantities are exported, while the growing demand for coal as a fuel by the inhabitants of Manchuria accounts for a large consumption locally. Then, about 10 miles north-east of Yentai station, there is the Yentai coal mine, which is of 3½ miles in length by one mile in width, with an estimated deposit of 20,000,000 tons. Operations were begun at this mine in 1910, and its output in 1926 was 138,248 tons. The S. M. R. finds these mines one of the most important sources of revenue as may be judged from the fact that in 1926 the total revenue was Yen 68,447,274.

Distillation of Shale

An important industry which is being developed in connection with the Fushun mines is the distillation of oil from the shale deposits which are estimated to amount to about 55,00,000 tons, and as this shale must be taken out in connection with the coal mining operations, this raw material is virtually costless. After various experiments, the Fushun exports eventually found a process which is greatly successful, it is said. Plans have been made for a plant capable of handling 700,000 tons of shale a year from which it is expected that 50,000 tons of heavy oil and 1,000,000 gallons of volatile oil, as well as paraffin and ammonia, will be produced.

In 1909 officials of the S.M.R. Geological Institute discovered the presence of iron deposits at and about Anshan and some 6 years later development operations commenced. A site of about 4,540 acres was purchased for the plant and the modern town which has been built there. While the ore reserve is large, being estimated at about 300,000,000 tons, it has since been found that most of the ore is of rather poor grade, averaging 35 to 40 percent of metal to the ton. There were found several small deposits of richer grades averaging 52 percent but most of these deposits have already been worked. Over Yen 45,000,000 has been spent on the plant which contains 2 blast furnaces, each capable of producing 250 M.T. daily; 4 coke ovens, each with a capacity of 130 M.T. daily; gas works, electric plant, etc. The annual pig iron output in 1926 was 88,263 tons but estimates are being made to increase the output to 200,000 tons.

Until a few decades ago, Manchuria was industrially in a very primitive state. It has become important partly through the introduction of modern machinery and methods for handling products which had in the past been manufactured by very crude and wasteful processes, and partly by the establishment of many new industries by which use is now being made of raw materials which formerly were not used at all. It must be admitted to the credit of the South Manchuria Railway that it has taken an outstanding part in the establishment of various research and experimental institutions, such as the Central Laboratory and Geological Institute, in Dairen and elsewhere. Numerous scientists in its employ have combed Manchuria in search of materials which might be manufactured profitably and it has developed the processes of manufacture. In many cases, the S. M. R. has been the pioneer in the introduction of new industries. Even the crude native bean mill is rather new in Manchuria, the first having been established but 70 years ago. The first steam plant was introduced at Newchwang by British interests in 1896 but the Japanese extended the bean oil milling business on a large scale and, subsequently, improvements have been made in manufacturing methods which have contributed largely to the growth of the industry. Dairen is the center of this industry but modern mills have also been established elsewhere. Flour Milling is mainly an industry of North Manchuria where the principal wheat crops are found, but such mills are also operating in South Manchuria.

Earthenware and Pottery

In 1910 an earthenware and porcelain factory was established, which was later on turned over to private enterprise. This brought an entirely new industry to Manchuria which had in the past imported all its pottery. Abundant and excellent raw material is found at various points. Manufacture of fire brick and bricks of various other kinds has also been developed, as well as that of glass. Raw material for glass making also abounds but, so far, it seems that the best material is to be found near Dairen.

Numerous valuable industrial minerals are found in Manchuria. Various products are manufactured therefrom whereas various new uses have been found for agricultural products, while several improvements have been effected in the method of handling the wild silk industry and imparted to the Chinese. Numerous manufacturing enterprises have been developed, such as sugar manufacture, spinning mills, etc., in which Chinese, Japanese and foreigners engage, and employment has been furnished to many thousands, all of which, as, of course, added enormously to the material wealth of the country.

The entire foreign trade of Manchuria, including that conducted across the northern frontier (mainly through Vladivostok) was Haikwan Tls.557,089,887 in 1925 and of this amount Tls. 484,358,735 represented the value of goods carried through the three South Manchurian ports as follows:—

	Export	Import	Total
Dairen	Tls. 183,650,029	Tls. 121,259,713	Tls. 304,909,742
Yingkou (Newchwang)	31,522,313	61,197,314	92,719,627
Antung	44,559,284	42,170,082	86,729,366

Of the exports, by far the greatest item is represented by beans and bean products which form the backbone of Manchurian industry. Of the exports from Dairen, 40.8 % consisted of beans and bean products, 10.7% of cereals and seeds, 39.9% of coal and 8.6% of sundries. The principal imports through Dairen during 1926 were:—

Shirtings	Pieces 393,116
Jeans	„ 88,347
Dyed Cottons	„ 237,559
Steel Bars	Piculs 428,413
Iron Pipes and Tubes	„ 63,580
Rails	„ 582,556
Iron & Steel Sheets & Plates	„ 133,264
Galvanized Iron Sheets	„ 31,332
Rice and Cereals	„ 127,957
Cigarettes	Mille 801,827
Clothing, Hats, etc.	Tls. 955,977
Electrical Material & Fittings	„ 2,275,999
Fish and Fishery Products	Piculs 209,530
Flour	„ 1,512,119
Gasoline, Benzine, Naphtha, Petrol,	Gallons 1,766,095
Textile Machinery	Tls. 187,420
Other Machinery	„ 1,616,766
Stationery	„ 543,945
Household Stores	„ 822,228
Kerosene Oil	Gallons 6,989,606
Lubricating Oil	„ 1,820,108
Paper	Piculs 133,115
Soda	„ 168,025
Sugar	„ 289,234
Tobacco	„ 65,229
Locomotives and Tenders	Tls. 1,080,256
Railway Carriages & Wagons	„ 1,700,082
Paraffin Wax	Piculs 60,400

In 1926, 3,746 vessels of 9,927,480 tons called at Dairen. Fifteen years before, i.e. in 1911, but 1,968 vessels of 2,994,487 tons called at the port. The details are as follows:—

	1911		1926	
	Ships	Tonnage	Ships	Tonnage
Japanese	508	1,067,174	2,486	6,625,407
Chinese	1,375	1,773,775	759	837,018
European	8	40,092	442	2,134,726
American	—	—	53	318,459
Others	77	113,446	6	11,870

Dairen, Dec. 29, 1927.

Brick and Tile Industry in Shanghai

(*Chinese Economic Bulletin*)

The manufacture of bricks and tiles in Western style has developed closely upon the growing demand for modern buildings in Shanghai. Native-style bricks and tiles are not adapted for modern consttruction, as they breakeasily. The machine-made bricks and tiles came originally from abroad but within recent years the local product has replaced the imported article.

The manufacture of bricks and tiles in Shanghai dates back to 1918 when the company, Manufacture Ceramique de Shanghai was organised by Italian interests. In the following year came Hsin Dah Brick Works with its factory located near Shanghai, the first Chinese enterprise of the kind, to be followed later by two others: Tai Shan Brick and Tile Co. with works at Lunghua, and Hwa Dah Brick and Tile Co. with works in a west suburb.

These four companies can turn out 45,000,000 bricks and 6,000,000 tiles annually. Their yearly volume of business is estimated at Tls. 700,000. The Italian company is said to turn over Tls. 250,000; Tai Shan, Tls. 200,000; Hsin Dah, Tls. 150,000; and Hwa Dah, Tls. 100,000. Their capital is respectively Tls. 800,000, Tls 250,000, Tls. 180,000 and Tls. 300,000.

The works operate for nine months each year and are closed during the winter, as clays are not easily dried in cold weather. The "burners" in charge of the kilns and the mechanics are paid monthly, $20 to $30 for the former and $30 to $50 for the latter. Other workmen are paid by the day; their wages range from $0,35 $0.50.

The products of the four companies are consumed almost entirely in Shanghai. The larger size bricks are sold at Tls. 100 per 10,000, and the smaller at Tls. 80. Roofing tiles are sold at Tls. 45 per 1,000, and the ridge tiles at Tls. 90. These prices are ex—godown, factory, and delivery charges vary according to distances. On account of the high price of fuel and increase in wages on the one hand and the lack of demand on the other, the works this year were closed ahead of the regular time. Prices have also dropped between 15 and 20 per cent. below those mentioned above.

The brick or tile models or machines are capable of turning out unburned bricks or tiles respectively at the rate of 50,000 and 6,000 each for every 24 hours. Hsin Dah Company specialises in bricks and its annual output is estimated at 20,000,000 pieces. Tai Shan Company produces mainly tiles at the rate of 3,500,000 a year. The Italian Company and Hwa Dah Company manufacture both bricks and tiles to meet demand; the former also produces hollow tiles and the latter facing bricks in small quantities.

The style of kilns differ. Tai Shan has circular kilns after American patterns. The other three companies have adopted the German continuous style, of a rectangular shape. Each is divided into 20 or 30 chambers according to size. Each chamber is capable of containing 10,000 to 14,000 pieces at one time, the number varying with the general size of the kiln and the thickness of the bricks. When the bricks are placed in a chamber, the closed door is air tight. On the top of each chamber are openings, through which fuel is passed. The number of openings for each chamber is between 15 and 18. Each opening has an iron lid or top which is always kept in place, except when fuelling, in order to keep cold air out. Fuel consists of coal dust which is fed into each chamber every 10 to 15 minutes for a period of 12 hours. Approximately 1.25 tons (big) of coal dust are consumed for baking 10,000 bricks.

The kilns of the continuous style have an advantage over circular kilns, because they consume less fuel. As the chambers of each kiln adjoin each other, the heat from a chamber that is burning warms the chamber next to it by radiation. When the first chamber stops burning, the second is ready for use. While burned or finished bricks are being removed from the first chamber, the unburned bricks are being placed in the second. This process of rotation is maintained through the working months without interruption, and gives rise to the name of "continuous style."

Inside Story of the Soviet-British Oil War*

BY FRANCIS DELAISI

(*In Foreign Affairs, London*)

THE polemics carried on in the press between Mr. Stalin, the spokesman of the Soviet Government, and Sir Henri Deterding, Director-General of the Royal Dutch Petroleum Company, have made clear to all the world what a few of the initiated had suspected and declared from the outset—that the breaking-off of diplomatic relations between Great Britain and the Soviet Union was not the spontaneous action of the British Government, but was inspired, and perhaps commanded, by certain large-scale oil interests.

On May 12 last a search was made by order of the Home Office at the headquarters of Arcos, the commercial agency of the Soviet Union. The Government immediately announced that the disappearance of an important document concerning national defense had been discovered, that there had been suspicions of its having been stolen by Soviet spies, that in fact this document had not been found in the safes of Arcos, but that others had been found which proved that the Moscow Government indulged in espionage on British territory, maintained relations with English Communists, and supported revolutionary movements in Great Britain.

This aroused the lively indignation of the British press and public; and when Mr. Baldwin announced that Great Britain had handed their passports to these unmannerly guests, who, under cover of their diplomatic immunity, were fomenting war and revolution in the country which had received them with confidence, the action was approved almost universally by European public opinion.

Nevertheless, in well-informed circles in England certain facts had caused some surprise; and Mr. Clynes, an open adversary of the Bolsheviki, together with Mr. Lloyd George, put questions to the Foreign Secretary in the House. Possibly, said Mr. Lloyd George, the raid had been undertaken without Sir Austen Chamberlain's knowledge; certainly he had not welcomed it; but who, in that case, had inspired it?

Mr. Lloyd George was content to put the question discreetly, without answering it. As a former prime minister, who hoped to return to power, he respected the parliamentary tradition which precludes a former premier from causing too much annoyance to his successor, whose place he may one day fill again. He contented himself with demanding a commission of inquiry, which the Conservative majority hastened to refuse. And the veil of mystery, lifted for a moment, was once more discreetly dropped.

But the veil has since been rent by polemics in the press and by Sir Henri Deterding's clamor.

It will be remembered that in 1922 Mr. Lloyd George summoned a Great international conference at Genoa with a view to the restoration of Europe. Something like three thousand diplomats, politicians, business men, and experts from all countries set their hand to the plough, and the first task was to lay plans for the reconstruction of Russia. That was surprising enough at a time when the whole of Central Europe was in danger of collapse; but such was the decision of the chief architect, Mr. Lloyd George, and at the express desire of Great Britain the Bolshevist representatives were received by the official representatives of capitalism—and by the King of Italy in particular—with the utmost courtesy and respect. For six weeks a compromise was sought between the principles of Communism and the bourgeois idea of private property. In spite of the quibbling of Mr. Poincare, success might have been attained, but....a French newspaper published a secret agreement by which the Soviets granted the monopoly of the export of Russian oil to the Royal Dutch, with Sir Henri Deterding at its head. This news called forth vehement manifestations of displeasure from the representatives of Standard Oil, and the American observer,

**The editor of Foreign Affairs from which magazine this Article is reproduced, offers the following comment: 'To help those of our readers who are not versed in the politics of oil we offer these notes: The English companies are the Royal Dutch and Shell (whose managing director is Sir Henri Wilhelm August Deterding) and the Anglo-Persian. Closely affiliated to the Royal Dutch is the American Standard Oil Company of New Jersey (President, Mr. Walter C. Teagle), in which Mr. John D. Rockefeller is interested. Two other American groups are the Standard Oil Company of New York (public relations counsel," Mr. Ivy Lee) and the Vacuum Oil Company (whose secretary is Mr. Hughes). The Naphtha Syndicate is a Russian company (president, M. Syrebrowsky.')*

Ambassador Child, announced that, if the news were true, the American Government would hold itself entitled to seize all ships carrying Russian oil, since this oil might come from some nationalized wells belonging to an American citizen.

Under these circumstances, the agreement with the Royal Dutch obviously fell to the ground. Thenceforward the concerning property rights in the Soviet Union lost much of their interest, and the three thousand diplomats and experts suddenly abandoned the task of reconstructing Europe in general and Russia in particular.

An attempt at salvage was made a few months later at The Hague, where the Soviets tried to profit by the conflicting ambitions of the rival groups. At last the various oil interests—Anglo-Dutch, British, American, Franco-Belgian, and others—grasped that they were playing the Bolshevist game by indulging their rivalries, and concluded a kind of 'pact of nonaggression. They engaged not to seek separately any concession from the Moscow Government. They did not prohibit trade with the Soviets but they agreed to allow Russia no credit, and brought all their influence—and it is considerable—to bear on the banks to prevent the grant of any credits other than those promised by treaty. Thus the financial blockade of Soviet Russia was determined.

The reckoning was that the Bolsheviki, lacking capital at home and credit abroad, would be unable to restore their oil industry, and would be able neither to reestablish their manufactures nor to meet the peasants needs for agricultural manchinery; and that thus, caught between the twofold dissatisfaction of the Communist workers and the landowning peasants, they would quickly come to grief. Then the great oil trusts would obtain from the new Government the restitution of the nationalized oil wells to their lawful owners, and, as they had taken the precaution of buying—for an old song—the oil shares held by Russian emigres ruined in the Revolution, they would be masters of Russia's immense oil resources, and that with very little outlay.

The pact was loyally observed for four years. The Soviets had the utmost difficulty in raising a credit of three hundred million gold marks in Germany. They were unable to obtain any considerable amounts from the London, Paris, Amsterdam, or New York banks.

Nevertheless, the Soviet Government did not fall. It turned its back resolutely on Communism, and restored peasant ownership, free commerce, the stock exchange markets, banks, taxes, and state loans. It even succeeded in drawing from private and public savings sufficient capital to restore a considerable proportion of Russian industry to the 1913 level. It is true, the situation is still far from satisfactory, especially as regards the standard of life of the workers, which is lower than before the war. But the masses are conscious of a constant improvement, and they possess their souls in patience. In vain Sir Henri Deterding prophesies every six months the fall of the Bolsheviki in the coming year.

Since the Soviets are obliged to pay cash for their purchases in Europe, they are naturally driven to increase their exports, and first and foremost what is easiest to export—namely, oil. They have succeeded in restoring the former wells, in sinking new ones, and in repairing the pipe lines. Their prices are favorable, so that they have found English and French companies ready to buy wholesale and sell in the markets of the West. At the end of 1926 the export of Russian oil had surpassed the 1913 tonnage.

Curiously enough, the principal market was England. With the collaboration of Arcos and of several individual Englishmen, a powerful company, the Russian Oil Products, was formed in Great Britain. And—supreme impertinence!—Russian Oil Products' brands are to-day competing, often successfully, with the Anglo-Persian, the Shell, and the Royal Dutch under the very eyes of Sir Henri Deterding. Here, plainly, was a degree of presumption which the oil magnates could not tolerate.

When the great oil trusts want to get rid of a competitor, they resort to an infallible method. They reduce the price of petrol right down to the cost of production, or even below. Thanks to their vast reserves and their immense credit, they are in a position to bear heavy losses for several months. Their adversary, not nearly so wealthy, is soon at the end of his tether. They then proceed to drive him into the bankruptcy court, or else buy him out. When they are again in command of the market, they raise prices and so cover their temporary losses.

It was resolved to adopt these tactics in dealing with the Soviets. In the early months of 1927 the Royal Dutch, the Shell, and their principal subsidiary companies announced a drop in the price of petrol. The Russian Oil Products reduced its prices also. The former again lowered prices, and the latter followed suit. Prices dropped in Great Britain—to the great delight of the owners of cars, vans, and motor bicycles. Matters went so far that shareholders in the Royal Dutch grew nervous about their dividends and began to sell their shares.

Surely the Russian Oil Products must be ruined at this game. But its adversaries had forgotten that behind it stood the Russian Neft Trust, which however, is no common trust. It is neither more nor less than an emanation of the Soviet State; it has no dividends to pay, no shares quoted on the Stock Exchange which must be maintained at a creditable figure. The Government, which controls all industries, can make good the loss of one from the profits of others, and, if that is not enough, from the proceeds of the taxes. Such an organization can, therefore, resist the pressure of hostile trusts as long as it chooses. It is not subject to the usual laws of competition between capitalist companies.

And this is the supreme menace of the Bolshevist system. It may overturn the historical principles of the civil code, it may abolish *jus utendi et abutendi*, and may nationalize private property; these are mere trifles! Leases of ninety-nine years will be tolerated, and rent called a tax—that is a mere question of words. Sir Henri Deterding himself did not hesitate at one time to sign a contract for the export of 'nationalized' or 'stolen' petrol—provided he were given the monopoly. But to use the resources of the State to break prices; to turn funds accumulated by the State into a weapon against the accumulation of capital by private trusts—that was the abomination of desolation of which Bolshevism was guilty; that was its unpardonable crime!

The blow was all the more severe for the Royal Dutch because it imported far more oil into Britain than the Soviets; thus each time the price fell by one penny the Soviets lost fifty thousand pounds, but the Royal Dutch lost a million.

Even more serious was the fact that the trusts, reckoning that Russian oil would be absent from the world market for some years, had developed new oil fields all over the world, especially in Mexico, Venezuela, and so on. The sudden reappearance of Russian oil in immense quantities threatened to break petrol prices, to lower dividends, to cause a fall on the Stock Exchange, and to damage the credit of the trusts seriously in the money market. The situation was becoming alarming. More than ever it was necessary to close the European market to Soviet petrol.

And now, at the very juncture when a boycott was essential, Sir Henri Deterding learned that the Soviets were about to obtain a credit of ten million pounds in London itself.

Great as is the power of the oil trusts in the money market, and their grip upon many of the banks, they do not control all the banks. More especially certain large banks in the City have often ignored their suggestions. These banks are interested in such a great variety of concerns that they cannot link their fate with any single industry. Before the war they had made London the clearing house of the world; after the peace the fall of the pound sterling robbed them for the time being of this privileged position, which was secured by Wall Street. They have recovered it, and their first care is to maintain and consolidate it. To that end the free circulation of capital and merchandise is essential. That is why they seek to restrict the excesses of Protection and dumping, and oppose all measures of economic warfare. The reopening of the Russian market to British capital and British manufactures, therefore, might well seem desirable to them. And from the moment when Moscow turned deliberately the 'New Economic Policy'—toward a new type of capitalism, that is, which could be accepted—there was a double reason, economic and social, for facilitating the reentry of Russia into the European business world.

That is how it came about that Mr. McKenna, a former Chancellor of the Exchequer, had been brought to agree to a credit of ten million pounds—not, it is true, in cash, but in goods—to the successors of Lenin.

But at this point Sir Henri Deterding came on to the scenes in a towering rage. What! At the very moment when he, the Petrol King, was seeking to close the British market to these vile Bolsheviki, the doors of the Stock Exchange were being opened to them!

With a credit of ten million pounds, Mr. Stalin's Government would consolidate its position, restore its industries, and, of course, develop its oil output! Was there not in the loan agreement provision for a special credit for the purchase of material required for boring, the equipment of wells, tanks, and so forth? Such a loan at such a moment was worse than defection—it was insubordination!

But worst of all, the gesture of the Westminster Bank would make an irreparable breach in the 'financial blockade.' Once one of the largest banks in the City had granted a loan to the Soviets the others would be obliged to follow suit. The Moscow Government would obtain modern machinery, satisfy the needs of the peasants, pacify the labor opposition. Farewell to the hope of a collapse of the system! Farewell to

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43-199

the hope of recovering the concessions purchased so cheaply from the refugees. The import of Russian petrol into England would increase, prices would drop, shares would fall on the Stock Exchange. It would mean the failure of the policy so persistently pursued for four years.

Something must be done immediately to stop the scandal. Thereupon a press campaign was launched, as violent as it was incoherent; at one and the same time Bolshevism was denounced as a mortal danger to European civilization and the collapse of the regime within six months was foretold. There was urgent need to break off relations with the Soviet Union and drive from the country the importers of Communism and oil.

Unluckily, the Foreign Office turned a deaf ear. Mr. Baldwin, whose brother is in partnership with the Harriman group in one of the largest capitalist-Soviet syndicates in Russia,—Georgian Manganese,—knew the real mind of Moscow too well to be thrown on to the wrong scent. Moreover, it was very clear that the Westminster Bank had not negotiated with Moscow without the knowledge of the Foreign Secretary.

To force Sir Austen Chamberlain's hand, then, a great coup was necessary. Sir Henri Deterding likes to be called the 'Petrol Napoleon.' Like his model, his ideas are bold, his persistence is unconquerable, and he has a taste for violent and sudden attacks which rout the enemy.

On Wednesday, May 11, the agreement for the Soviet loan of ten million pounds was signed at a private meeting held at the Westminster Bank.

The following day by order of the Home Office, the police invaded the offices of Arcos, and, in defiance of the extraterritoriality granted by Britain to the agents of the Soviet Government, proceeded to institute a detailed search.

Straightway—before the seized documents could have been examined impartially—the Rothermere press indignantly denounced the bad faith of the Bolshevist Government, which spied and fomented revolution under cover of its diplomatic immunity. The rest of the press joined in the chorus in good faith, impressed by the official character of the search and believing that they were defending law and order. Faced by the widespread public disquiet, what could a Conservative Government do? Mr. Baldwin could not treat a raid carried out by one of his ministers as null and void, and so throw his own party into confusion. He decided to hand their passports to the Soviet Embassy staff. And Sir Austen Chamberlain was compelled to defend before the House of Commons a policy which was not his own. True, he stated that a diplomatic rupture did not involve the rupture of trade relations; but the public could not grasp these fine distinctions. For them the guilt of Moscow was an established fact. The effect of the rupture throughout Europe was immense.

It burst upon M. Stalin in the midst of his schemes for a rapprochement with Western capitalism. He had been given to understand that the loan from the Westminster Bank must be accompanied by reassuring declarations on the part of the Moscow Government, and that, if the removal of the financial blockade was to bear fruit, European public opinion must be prepared for the change. At that particular juncture all the important men of affairs all over the world were to meet at Geneva for the International Economic Conference.

No sooner had the negotiations with the Westminster Bank taken a favorable turn than the world was astonished by the spectacle of the Soviet Government, hitherto all defiance toward the League of Nations, declaring its readiness to accept the League's invitation. Since the murder of Vorovsky Moscow had refused to send any delegation to Switzerland; now it effected a reconciliation with Berne in three days. Immediately on their arrival the Soviet representatives made statements of sensational import. They declared that the capitalist system was doomed by the mortal conflicts within itself; but after this necessary homage to Marxian principles they stated that, pending the triumph of their principles,—in the far future,—Russia needed European wares and Europe needed the Russian market, and that connecting links must be established between the two systems - Communist and capitalist; and that the Soviet Union would be willing to collaborate with bourgeois governments in reconstructing the old world by means of loans.

I was present at the time as an 'observer' at the Geneva Conference, and I noted the amused irony with which business men from all countries compared the intransigent principles of the Russian delegates with their amiable conclusions. But nearly everyone said, 'What do opposing theories matter, when interests agree?'

The object, desired in London even more than in Moscow, had been attained.

But the very next day, like a bomb thrown in the midst of a shareholders' meeting, the news of the Arcos raid burst upon us.

'No, no!' was the cry everywhere. 'If Soviet ambassadors act as spies, we don't go a step further! They can't ask for our capital and at the same time foment revolution in our countries. One can't negotiate with such people.'

The spell was broken. In a few hours Sir Henri Deterding had destroyed the frail bond of sympathy needed for the accomplishment of the City's plans.

But the practical consequences of the rupture were far more serious. Evidently the Westminister Bank could not grant credits to a state with which the British Government refused to maintain diplomatic relations. The agreement for a loan of ten million pounds was therefore annulled. Arcos had wisely withdrawn the gold deposits which it had placed with British banks, and in consequence the banks refused to discount bills drawn by British contractors upon Soviet trusts.

To avert the danger, Mr. Chicherin hurried to Paris to hasten the Franco-Soviet negotiations and to offer to certain Parisian banks the opportunity of taking the place abandoned by the City financiers. But a violent press campaign was promptly launched in the leading French papers against the Communist menace. The faintest stir on the part of the tiniest 'cells' assumed the proportions of 'great revolutionary plots.' The 'National Union' Government, which wanted a Red spectre to prepare the ground for the coming elections, in accordance with the time-honored prescription of the National Bloc, gave rein to the scaremongers.

Finally, the German banks could no longer rediscount in London their drafts on Moscow, and, consequently, they refused credits to German manufacturers working for Russia. One large firm in the Rhineland was obliged to delay delivery in an important metallurgical contract.

At one blow Mr. Stalin found himself unable to solve the problem of equipment which governed the fate of the peasants and workers of Russia. He would have to face the Communist opposition as one who had humiliated the Revolution before the capitalist world and gained nothing but a rebuff. If it was to be expected that he would be crushed by the united displeasure of the Communist workers and peasant proprietors, then Napoleon Deterding might hold that he had won his Austerlitz.

Unluckily, Russia—Napoleon himself learned it by experience—is a strange country; one can never tell how it will react.

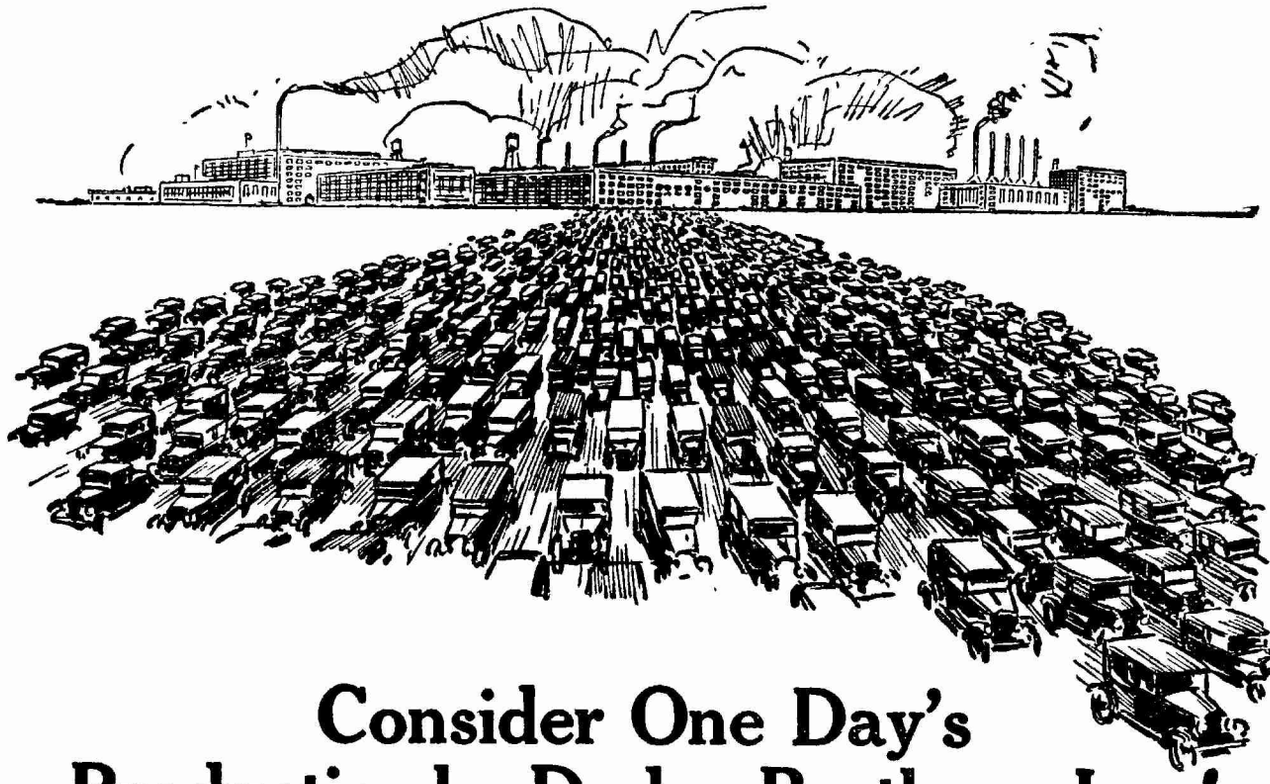
Shipping Board Cancels Swayne and Hoyt Contract

According to an *Associated Press* report appearing in the *Manila Bulletin* on December 15, the United States Shipping Board at a meeting held on December 13, cancelled the contract which the Board has had with Swayne and Hoyt for the operation of the American-Australia-Orient Line. The agent for Swayne and Hoyt in the Far East is L. Everett who maintains offices in Shanghai, Manila and elsewhere in the Orient The Shanghai office is located in the Yokohama Specie Bank Building.

The report from Washington is not clear regarding the cause of the Shipping Board's action, but it was stated that at the meeting of the Board on December 13, a resolution was passed condemning the action of Commissioner W. S. Hill of the Board in accepting a loan from Swayne and Hoyt, a San Francisco shipping company. The American-Australia-Orient line, which has been operated by Swayne and Hoyt for several years maintains a triangular service through San Francisco, Australian ports and the Philippines.

The foregoing announcement has created a considerable stir in Pacific shipping circles, particularly in view of a recent attempt of the U. S. Shipping Board to dispose of some 60 cargo ships owned by the United States Government which are operated on the Pacific by private American interests. Recently a "pool" was formed by the three leading American companies for the purpose of making a lump purchase of these boats. The three companies involved are the Oregon Oriental Line, operated by the Columbia Pacific Shipping Company of which C. L. Seitz of Shanghai is agent, the American-Australia-Oriental Line, operated by Swayne and Hoyt of which. L. Everett is agent and the American Oriental Mail Line operated by the Dollar interests. According to report these three interests and affiliated shipping interests in America made an offer of a lump sum of G. $8,000,000 for the 60 ships, some G. $2,000,000 of which was put up by the Dollars, G. $1,000,000 by C. L. Seitz, G. $4,000,000 by Dant and Russell, a Portland firm affiliated with C. L. Seitz, and G. $1,000,000 other American shipping interests in the United States.

The bids were supposed to have been opened late in December but no reports have been received in the Far East regarding the results. It has been rumored that the Shipping Board has, or is about to order an investigation of one of the foregoing offers owing to rumors that the capital was being put up by British interests which, if true would be contrary to American law.



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DODGE BROTHERS MOTOR CARS

43-201

Foreign and Chinese Motor Cars Lined Up for Inspection and Licensing by the Municipality of Greater Shanghai.

The report of the Department of Public Utilities of the Municipality of Greater Shanghai for last week states that the inspection and licensing of public rickshas has been completed and that machinery has been set in motion for the inspection and registration of all other vehicles. The registration forms cover 19 kinds of vehicles as follows: public motor-cars, private motor cars, private and public carriages, private and public bicycles, horse and motor propelled trucks, motor cycles, cycle goods conveyors, tricycles, large and small trucks, public and private trailers, wheelbarrows and pushcarts, ordure carts, private rickshas.

Improving Street Lighting

In addition to the work of inspecting and licensing vehicles, the Municipality has also made arrangements for improving street lighting in the Chinese areas in the New Western and Lunghwa districts through the installation of newer and better lamps. Electric light poles in Nantao and Chapei are also to be standardized, according to the report. The China Merchants Electric Light and Power Company which supplies lights to the outlying districts has been warned to improve its service. An inspection has also been established in the works of the Shanghai Native Waterworks Company and the Chapei Waterworks Company for the improvement of the service. The improvement of electric lights on the streets of Woosung, Paoshan and Woosung Fort, Yingsiang Bay, Tsengyu and Pootung, is also receiving the attention of the Municipal authorities.

Weights and Measures

Another important matter which is receiving the attention of the Municipality of Greater Shanghai is that of standardizing weights and measures. A committee has been formed for the purpose of investigating the question of standardizing weights and measures and making recommendations to the Nationalist Government regarding extention of the system over the entire country. The committee is composed of the following:

S. K. Why, Department of Labor, Agriculture and Commerce; P. Z. Zung and B. J. Huang, Department of public Utilities; K. Y. Liu, C. W. Chang, C. K. Kiu and S. S. Siu of the Department of Weights and Measures. Mr. Liu presented a plan with samples of standards for consideration, but owing to the importance of the matter, action was deferred pending another meeting.

Regulation of Outdoor Advertising

The Chinese Municipal Authorities have also taken up the matter of outdoor advertising and have ordered an investigation of regulations which prevail in the International Settlement with the idea of recommending their adoption in the Chinese area. It was suggested that certain spaces be set aside for the erection of outdoor advertisements.

The matter of house numbers in the Chinese areas is also receiving attention, according to the report, which states that a start will be made on North Szechuen Road in order to check the attempt on the part of the foreign authorities to extend their jurisdiction in that area.

The report states that an emergency ferry has been established across Soochow Creek at the Sinza Road bridge which collapsed sometime ago. These ferries are used by some 11,400 persons daily, states the report.

Peking Government Will Not Break With Soviet Russia

According to a report from Peking circulated by the Chinese *Kuo Wen* news agency on Dec. 20 the Peking Government will not break with Soviet Russia, the reason being that Peking's relations with the Soviet are based upon the Sino-Russian Agreement of May 31, 1924, hence are on a different basis from the relations of the Nanking Government with Soviet Russia. The *Kuo Wen* report states that the trouble between the Nationalists and the Soviet have been due to the Communist Party which received its inspiration from Moscow and hence was not amenable to control by the Kuomintang which dominates South China politics. The report also stated that owing to the common boundary of thousands of miles between Chang Tso-ling's territories and Soviet Russia that he did not consider it advisable to break off relations "unless fresh evidence of Soviet intrigues and plots are discovered." The report also mentioned the fact that a break in relations with Soviet Russia would bring complications with the Chinese-Eastern Railway, a Sino-Russian enterprise.

Japanese Forbid Landing Rights to Western Union Company

The Japanese Communications Ministry, according to a report in the *Japan Advertiser* for Dec. 21, has refused the American Western Union Telegraph Company the right to land on Japanese soil. Tetsuo Kuwayamn, Minister of Communications, stated that the laying of submarine cables as well as the construction of telephone and telegraph lines is the exclusive monopoly of the Japanese Government, hence he could not agree to the proposal of the American company to land its cable on Japanese soil. According to the report, the Japanese refusal of landing rights will force the Western Union Company to change its plans and extend the cable to the Asiatic mainland and connect up with the Chinese telegraphs. This will also necessitate a change of routing from a line across the North Pacific along the Aleutian Islands to the so-called Southern Route by way of Honolulu, Guam to Shanghai. The original plan called for a landing at Hakodate, Japan, thence to Shanghai and Manila.

America's Trade Frontier in the Orient

BY DR JULIUS KLEIN,
Director of the Bureau of Foreign and Domestic Commerce,

THE economic history of the world has been a history of frontiers, of pioneering traders adventuring ever westward in search of new lands, raw materials, and markets. This movement started from China, the oldest highly developed civilization of history, swept through central Asia, started Greece on its career as a great maritime trading nation, made Rome the mistress of the world, and, in modern times, established Europe as the center of world commerce. From Europe the tendency was still westward, and once the hazardous gap of the Atlantic was spanned, America became the great frontier of trade. The history of the United States itself has been a history of frontiers, from the time when Daniel Boone first adventured over the Alleghanies until the last link was forged with the building of our great transcontinental railroads.

Now the circle is complete, the last great frontier has been conquered, and we come to a new era of world history. America, with an economic and industrial organization which is the fruit of centuries of world progress, is facing across the Pacific what is at the same time the oldest and the newest trade area.

Astounding Growth of Trans-Pacific Traffic.

With such a truly dramatic setting it is not surprising that the striking character of the developments have been quite in keeping therewith. In fact, it may be safely said that the outstanding feature of our postwar commerce, so far as its general acceleration in concerned, is the literally astounding growth of the trans-Pacific traffic. The rate of its advance has far exceeded that of any other branch of American commerce, whether with Latin America, Europe, or elsewhere.

Before the World War (in 1913) our commerce—exports and imports—with these lands from New Zealand around to Japan and westward to India totaled, in round figures, $462,000,000. This represented just under 12 per cent of our total imports and just under 7 per cent of our total exports. Last year we did a business with the Orient of $2,215,000,000, of which $1,443,000,000 represented imports and $772,000,000 represented exports. This import trade now constitutes 30 per cent of our total imports, and our exports to the Far East have increased to 14.6 per cent of our total exports. In no other part of the world have we made such rapid advances in the development of both import and export trade as we have with the countries of the Far East. Not only has the actual volume of the trade increased many fold, but the proportion of our world commerce represented by it has more than doubled.

The causes of this extraordinary commercial "revolution"—for such it has been indeed—are various, but chief among them have been the demands on the part of these awakening peoples and newly opened areas for increasing quantities of our wares as contributors to their improving standards of living, to their newly inspired desires for their own industries—a reflection largely of their war-born nationalism and the results of war-time isolation. Then, too, on the import side there has been, of course, the tremendous increase in our purchases of Eastern raw materials to meet the demand of our rapidly growing industries and our improving everyday comforts. A part, of course, of the increase in import values in recent years has been attributable to the artificially manipulated prices of rubber and other raw materials by governmental controls.

Increased Demand for Oriental Produce.

Europe and America have been paying more than ever before for oriental produce, and have been taking greater quantities than ever before. The resultant profits have gone not only to merchants, traders, and the European owners of plantations, whose dividends have reached incredible levels (averaging more than 35 per cent a year over long periods in many cases), but also to the humbler folk of the Orient, giving them an unprecedented cash margin for expenditure on small luxuries. A typical example of this comes from Palembang, in Sumatra, where the native planters of rubber, during the rubber boom, fell heir to unaccustomed wealth. During the height of the boom they literally had more money than they knew what to do with, and it was not uncommon to see a native hut housing a phonograph, two or three clocks, and a melange of other knickknacks, while the 3 miles of muddy streets, which constitute Palembang's highway system, were crowded with American automobiles. To a lesser degree the jute farmers of India, the wood-oil producers of China, the tin miners of Malaya, the pepper growers of the Netherland East Indies, have profited from the increased demand for oriental products, either as owners, through increased prices obtained

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43-203

for their produce, or, as workmen, through higher wages paid for labor.

Industrial Awakening of the Orient.

Industrially, also, the Orient has been awakening, and in those lines where unskilled labor may be utilized to advantage, some degree of success has been attained. Japan, for example, has developed a large cotton-textile industry, India has done the same, and in China over 5,000,000 spindles are in operation, of which more than 3,000,000 are Chinese owned. The Far East now employs tens of thousands of workers in its mills and the new purchasing power represented by their earnings is expanding steadily. India has in Bengal a world center for jute production, and is developing slowly but successfully an iron and steel industry. The spirit of nationalism is slowly evolving in all of the oriental countries, and in time may give rise to an even greater industrial activity.

At first thought this movement might appear to threaten seriously our export trade in certain competing lines of goods—notably textiles, hardware, etc. The possibilities of such a curtailment, though evident in some commodities, are apt to be overestimated. In the first place the output of the oriental factories is largely of lower grades which compete more with German or Japanese exports than with our own. Secondly, the outstanding merit of American industry is the speed of its progress; and the rapid advancement of technique with consequent cuts in production costs and improvements in quality of output have been, and will continue to be, sufficient to maintain a substantial margin of advantage for our trade.

New Outlet for Special Machinery—Increased Sale of Small Luxuries.

Even more important than these considerations is the fact that this new economic advance across the Pacific will afford a new outlet for the many varieties of special machinery, replacements, and supplies which America is so well qualified to provide. Our sales of machinery to this region in 1926 reached the impressive total of $72,000,000—and this is just a beginning. Furthermore, this factory development involves the payment of wages which yield a higher income to thousands of the native population than they would otherwise receive, and it has already had the effect of increasing their purchasing power noticeably.

These factors have already resulted in remarkable developments in the sale of small luxuries to the Far East, which are now being distributed in areas where poverty has heretofore precluded their being marketed. American sardines, for example, are widely sold throughout the Far East, and in remote sections of fish-consuming regions, like Burma or Java, considerable quantities are consumed even in native shops run on such a small scale that single sardines are delivered direct from the tin to customers for home consumption. California raisins, also, are being distributed extensively throughout Japan, China, and Java, and more recently in British India. Such articles as chewing gum, silk hosiery, flashlights, radio sets, phonographs and phonograph records, canned vegetables and fruits, breakfast foods, and condensed milk are beginning to appear more largely in our export statistics to the Oriental countries. As yet, some of them represent individually only moderate values, but they are straws indicating the direction of the trade winds of the future. These little imported luxuries are going to be more and more in demand as the standard of living rises in the East and America's share in supplying them should be a substantial one.

Advancing Trade in Automotive Products and Tires—Machinery and Specialties.

On a larger scale is our growing trade in automotive products and tires, which were sold to a total of $79,000,000 in the Far East during 1926. Many of the trans-Pacific countries—notably China, India, and Australia—have rail systems inadequate to meet the needs of their internal commerce, and the automobile and motor truck are being introduced to fill the gap. This progress would undoubtedly be faster if road and highway development were greater, but we have already sold so many motor vehicles in the Orient that the need of better highways is being felt. There, just as in the United States, the use of motor transport creates a demand for roads, and good roads develop a demand for motor vehicles. The reciprocal effect of these two factors is beginning to operate in the Orient.

As indicated above, American machinery is also a large and growing item of export to the Orient, in spite of severe competition from Europe, and our sales in 1926 totaled over $72,000,000. Here, as might be expected, Australia is our best customer, with Japan, New Zealand, and India following in order, while the other oriental nations are of lesser account. American machinery and American specialties find readier markets in the more highly developed industrial countries of the Orient. Australia has an entirely European population and actively growing industries; Japan has for many years been modeling itself on the industrial nations of Europe; and India is just beginning to follow in their footsteps. China and the Philippines have not arrived to a status of any importance in this field as yet, while the Netherland East Indies and Malaya are almost exclusively agricultural regions.

Increasing Exports of Staples.

In the staples which have been sold across the Pacific for many years, America continues to maintain its position—taking the field as a whole—in spite of some losses through competition. Our trade in petroleum products is, of course, universal, and in 1926 it mounted in the East to a value of $106,800,000. Raw cotton has been a large item of export to the Orient since the development of cotton-mill industries on the China coast, reaching for the whole region a total of $126,800,000 in 1926. Despite severe competition, in 1926 we sold to the Far East over $58,000,000 of iron and steel products, over $31,000,000 of lumber and timber, and nearly $15,000,000 of cotton cloth, while our shipments of wheat and flour reached a value of over $23,000,000. Trade in these staples, while not capable of particularly rapid expansion, has nevertheless been increasing steadily as a result of the improved industrial activity of the Far East, and we can look for a continuance of this tendency, for some time to come.

Keen Competition in All Trade Areas of Far East.

It would be unduly optimistic, however, to imply that these great and growing markets of the Orient are ours for the asking. Competition in all of the trade areas of the Far East has been keen in the past and will be even keener in the future. Fortunately for us, perhaps, the purchasing power of the Orient has increased so rapidly that our gains in commerce have been to only a moderate degree at the expense of our competitors, but the time is coming when we will have a real struggle on our hands, if the present rate of progress is to continue.

Much of the trade area on the other side of the Pacific represents territory under the control of European nations—Australia, New Zealand, British India, Ceylon, Malaya, and part of Borneo belong definitely to the British; Java, Sumatra, the Celebes, and most of Borneo belong to the Dutch, while French Indo-China is a French possession. Naturally enough, in those territories the goods of the mother country have an advantageous position. The early colonist conquerors established great trading houses with ramifications throughout their respective territories—trading houses which still hold a predominant position through long custom and the natural advantages which they have had during many years of operation. When great improvement works are carried out in these colonies with funds derived from the mother country or from the colonial administration, it is inevitable that the necessary machinery, construction materials, supplies, etc., are purchased from the nation in control. When agricultural experiment stations, technical schools, and the like are established, they invariably demonstrate the equipment produced by the mother country, and train native students in the methods common to that country.

Differential Tariffs.

In addition to the natural sympathetic preference of colonial possessions for goods of the mother countries, there is in some of them a differential tariff which favors Empire goods and which operates to the disadvantage of the American exporter competing in the Far Eastern and other areas. Australia, New Zealand, French Indo-China and several of the lesser island possessions give substantial preference to goods coming from the mother countries—the preference ranging from an average of 12½ per cent in Australia to an average of 15 per cent in New Zealand, although in some few instances they run as high as 30 to 40 per cent and more on certain commodities. In India, Ceylon, and the Netherlands East Indies no preferences have been written into the tariff schedules. Although such preferences certainly affect adversely the sale of American goods in these markets, it is hard to see how they can be regarded as other than legitimate, and so long as they are not discriminatory we can find no grounds for protesting against them.

American Products, in Many Instances, Compete on Even Basis.

All of this is only what might be expected, and it undoubtedly serves to handicap heavily the sale of a great quantity of American equipment in those regions. The picture is not altogether dark in this respect, however, and numerous examples might be cited where colonial governments give American products every chance to compete on an even basis. In the important Government technical school at Bandoeng, in Java, for instance, there is a large quantity of American equipment in use, and the school is admittedly modeled along American lines. In the Government tannery at Lahore, in British India, established as a model tannery for the instruction of Indian youths, practically all the machinery is American. And

on at least one extensive irrigation project in British India the most efficient excavating machinery in use is of American manufacture. Thus, although in general it is true that our products suffer a handicap in these territories, more and more are the colonial governments given a measure of freedom in purchasing their supplies and equipment, and in many cases where the American equipment is manifestly superior it is in use. Where there is not much to choose between American and home-country goods the latter are preferred.

The General Commercial Rivalry of European Industries.

Quite aside from the above, there is the general commercial rivalry of Europe's industries to be met, and with the exception of our canned fruits and some of our canned vegetables, which are practically American monopolies, everything that we export encounters severe competition, particularly in price. This competition applies equally in countries under foreign domination and in the relatively independent trade areas such as China and Japan. Our two keenest rivals in the field are Great Britain and Germany, although practically every European country competes directly with one or another group of our export products. Great Britain has the advantage of being far earlier in the field than we, and the Far East is thoroughly covered by the commercial operations of the great British trading houses ,well established as a result of years of unbroken successful operation. Germany, handicapped by the cessation of its activities during the World War, is nevertheless making strenuous efforts to regain its former position, and in the past few years has sold large quantities of machinery, hardware, and dyes in the Far East at prices which we do not care to meet, at the same time accepting credit risks which our merchants cannot properly assume. Whether or not Germany can continue that policy for long remains an open question. There have already been evidences of reaction from the extremes resorted to just after the resumption of world trade, but it is probable that Germany will in the long run prove to be a serious competitor in a relatively limited number of lines.

Value of Imports from the United States.

Our greatest success so far in meeting this competition from Europe has been in China and Japan, which are also, fortunately, those in closest geographic proximity to our own Pacific coast. Although we had a comparatively late start, we are now the predominant suppliers of occidental commodities to those countries and we have also made gratifying gains in our trade with Australia and New Zealand, despite the handicap of imperial preference. The following table gives, for the more important Far Eastern trade areas, the value of imports from the United States and the percentage of total imports represented by the American share in the trade, comparing a pre-war year with 1926:

Imports into the Far East from United States

Country	1913 Value	1913 Per cent of total imports	1926 Value	1926 Per cent of total imports
China	$23,000,000	6	$110,000,000	19
Japan	61,000,000	9	261,000,000	23
Australia	43,000,000	11	169,000,000	22
New Zealand	10,000,000	9	42,000,000	17
British India	11,000,000	2	50,000,000	4
Malaya	4,000,000	2	14,000,000	3
Netherland East Indies	3,000,000	2	28,000,000	8

In all three of our most important markets we have made remarkable progress, at least doubling our share of their total imports in each case. Corresponding advances have been made in the other areas also—notably in the Netherland East Indies. Our increased sales do not represent trade actually taken away from our competitors, since their exports to this area have also increased, though not to such a great extent as ours.

Importance of Trade with China and Japan

There is some evidence that the trade lines of the future will knit the United States most closely with the relatively near-by countries of China and Japan, where we have the advantages of proximity, as compared with the European nations, and where our progress is unimpeded by the preference of colonies for the goods of their mother countries. It is to Japan and China that we shall be shipping the major portion of our sales to the Orient, and our purchases from them promise to continue at a heavy rate. Our trade with more distant regions—regions nearer Europe—will always show an adverse trade balance, because we shall be the largest buyers of their produce, while our sales to them must compete with European products on terms somewhat disadvantageous to us. There is nothing to worry about in that, however, as all such inequalities in the international flow of trade tend to be compensated in one way or another.

The Maintenance of Our Present Rate of Progress

Our task is to maintain our present rate of progress in

(*Continued on page VI*)

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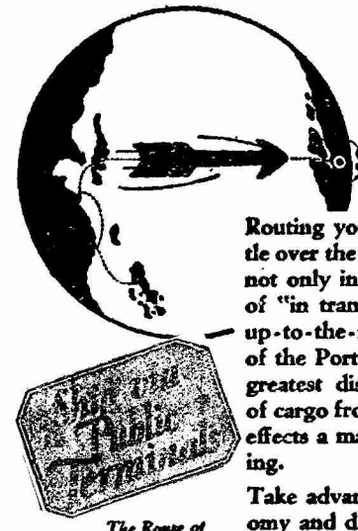

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43-205

The Political Situation at the Beginning of the Year

BY J. B. P.

On Wednesday, Jan. 4 it was announced that T. V. Soong would be appointed Minister of Finance; Sun Fo, Minister of Reconstruction; and Quo Tai-chi, Acting Minister of Foreign Affairs Subject to the approval of the Fourth Plenary Session of the Central Executive Committee of the Kuomintang which will probably be held in Nanking before Jan. 10. It was also announced that Gen. Chiang Kai-shek will first devote his attention to reorganizing the Nationalist Government, following which the final drive against Marshal Chang Tso-ling will be launched, probably shortly after the Chinese New Year Period which falls on Jan. 23.

The Nationalist Government is beginning the year of 1928 with a clean slate, meaning by this that there probably will be a complete new government in Nanking by the time these paragraphs appear in print, or shortly thereafter. Dr. C. C. Wu, Minister of Foreign Affairs and Sun Fo, Minister of Finance, have resigned and while their resignations have not been accepted, it is rumored that new men may be appointed in their positions. Quo Tai-chi, Commissioner of Foreign Affairs at Shanghai has been appointed Acting Minister of Foreign Affairs of the Nationalist Government while the work of the Ministry of Finance is being managed by the Vice-Minister, Chen Shou-yoong.

Since the personnel of the new Government will depend upon the action of the Fourth Plenary Session of the Central Executive Committee of the Kuomintang which was scheduled to meet in Nanking on January 5 it is impossible at this time to forecast the new Cabinet, but rumor has it that the new Minister of Foreign Affairs will be either C. T. Wang or Hwang Fu and the Minister of Finance, T. V. Soong. Dr. Tsai Yuan-pei, who has been Chancellor of Universities (Minister of Education) will probably carry on in the same position in the new cabinet, as will also Wang Pai-chun the present Minister of Communications. Sun Fo, who is now, or was, Minister of Finance may be appointed Minister of Reconstruction. H. H. Kung, who was Minister of Commerce and Industry in the Wu-Han Government, may resume his old position with additional duties of Minister of Labor, since it has been proposed that Commerce, Industry and Labor be combined in the same ministry.

Dr. C. C. Wu Former Nationalist Minister of Foreign Affairs, Who Has Been appointed Envoy to America to Discuss Treaty Revision.

Gen. Chiang Kai-shek Goes to Nanking

Gen. Chiang Kai-shek, who is planning shortly to resume his old position as Generalissimo, departed for Nanking on Wednesday, Jan. 4 and was accompanied by members of the Central Control Committee who will assist him in making preparations for the Fourth Plenary Session of the Kuomintang, the exact date of which has not yet been announced, but which was scheduled for this week. Since the close of the Preliminary Conference of the Kuomintang Central Executive Committee in Shanghai early in December last, Gen. Chiang has exerted himself in the direction of compromising the differences between the various factions in order that the Fourth Plenary Session of the Party could be held. A complicating element has been the Canton situation which was precipitated late in November by the coup-d'etat of the Cantonese General, Chang Fa-kwei and the succeeding peasant-labor uprising on December 11. As a result of this situation, the Nanking Government which was controlled by the Central Special Committee, which in turn was dominated by the Kwangsi faction (enemies of the Cantonese faction in the Kuomintang) issued a mandate ordering that all of the Cantonese members of the Central Executive Committee be placed under surveillance, the charge being that they were involved in the so-called Communist coup-d'etat at Canton. Dr. Wang Ching-wei, former chairman of the Central Executive Committee and leader of the Cantonese faction has now departed for France, according to latest reports other members of the Cantonese faction who are still in Shanghai will probably attend the Nanking meeting.

Military Situation at Canton and Hankow

Since the political situation is largely dominated by the military situation, it is interesting to note that the so called Cantonese and Kwangsi factions are quite effectively deadlocked at both Canton and Hankow. The city of Canton is now controlled by the Kwangsi faction under Generals Hwang Hsiao-hsiung and Li Chi-sum, but the Cantonese army under Gen. Chang Fa-kwei has control of the rich East River district, eastward of Canton. Gen. Chang Fa-kwei is reported to be in Hongkong.

At Hankow a somewhat similar situation prevails. The three Nationalist Generals, Bei Tsung-chi, Li Tsung-jen and Cheng Chien are now in Hankow, but have been unable to obtain control of Hunan province owing to the opposition of the troops and subordinate generals of Gen. Tang Shen-tse who are in control of that province. It is also reported that Gen. Cheng Chien, who is a Hununese, is not on good terms with Generals Bei and Li, so the situation there is deadlocked in somewhat the same manner as is Canton.

It is this situation which has somewhat simplified the work of Gen. Chiang Kai-shek in trying to effect a reorganization of the Nationalist Government through cooperation with Gen. Ho Yin-chin, commander of the Nationalist troops in Chekiang, and Marshal Feng Yu-hsiang, commander of the Kuominchun troops in Honan, Shensi and Kansu. The new Government is therefore likely to reflect the influence and cooperation of these three men, Chiang Kai-shek, Ho Yin-chin and Feng Yu-hsiang.

The Drive Toward Peking

The military situation in the North has temporarily become quiet and probably will remain so until after the China New Year period, or until the Nationalist can reorganize their Government and obtain further finance. The Nationalist troops under General Ho Yin-chin now have control of the Shantung-Kiangsu border having advanced practically to Liucheng on the Tientsin-Pukow Railway. Marshal Feng Yu-hsiang has also advanced his troops northward on the Peking-Hankow Railway to Tamingfu in southern Chihli where he has joined up with the Shansi troops under Gen. Yen Hsi-shan, tupan of Shansi province. From this point an advance will probably be made in two directions, first, up the Peking-Hankow line in the direction of Paotingfu and second, in a northeasterly direction toward Tientsin.

Tense Situation in Shantung

The victories of the Nanking and Feng Yu-hsiang armies has had the effect of almost completely demoralizing the forces of Sun Chuan-fang and Chang Chung-chang in Shantung province. Reports from Peking state that several conferences have been held in Tsinanfu between Sun Chuan-fang, Chang Chung-chang and Pan Fu, the latter being premier of the Peking Government. According to the *Peking Leader*, American paper, this conference resulted in four things being decided upon (1) no attempt will be made to recapture Hsuchowfu, (2) a determined effort will be made to hold Shantung proper, (3) Chang Chung-chang and Sun Chuan-fang will make their headquarters in Tsinanfu, the capital of Shantung, and (4) Chang Tso-ling will be urged to supply more money and ammunition for defending Shantung.

It was also stated in this connection that a serious attempt will now be made by Chang Tso-ling to get rid of Chang Chung-chang in order that Sun Chuan-fang may be made commander of a reorganized Fengtien army for the purpose of making a final determined stand against the Nationalist troops in order to prevent their further advance into Chihli province.

The war situation between Shansi and Fengtien has also become quiet due largely to the fact that Chang Tso-ling has been forced to withdraw his troops from the Shansi border in order to strengthen his defenses in southern Chihli against the Nationalists and Feng Yu-hsiang. There are reports from Peking that Yen Hsi-shan has sent delegates to Peking for the purpose of arranging an armistice with Chang Tso-ling, but these reports are not taken seriously in Nationalist circles where it is believed that Gen. Yen is only playing for time in order to permit the Nanking Government and Feng Yu-hsiang to reorganize and re-munition their troops for the final drive into Chihli province.

Men and Events

H. S. Honigsberg, local motor car dealer, has returned to Shanghai from a business trip to the United States.

George W. Missemer of the editorial staff of *The Review* is seriously ill at the General Hospital suffering from acute rheumatism.

Lady Barton, wife of the British Consul-General at Shanghai, accompanied by her daughters, has departed for England for a vacation.

Miss Gladys Emmie Christine, daughter of Dr. and Mrs. George A. Huntley of Oberlin, Ohio, was married on November 19 to Oscar Fisher Achtenhagen.

F. F. Fairman, manager of the firm of Dodge and Seymour has returned to Shanghai after a trip to the United States. He was accompanied by Mrs. Fairman.

Mrs. W. W. Worthington was granted a divorce from her husband in the U. S. Court for China on Tuesday, Jan. 3. Mr. Worthington is an American attorney in Shanghai.

Three Catholic priests who were captured by bandits about three weeks ago near the town of Yuichow, Honan province have been released through the efforts of Feng Yu-hsiang's troops and have been taken to Chengchow, Honan.

M. Naggiar, French Consul-General at Shanghai who has been appointed Sub-Minister of Far Eastern Affairs in the French Ministry of Foreign Affairs, is departing on Jan. 14 for Paris. M. Meyrier who has been home on leave has been promoted to Consul-General at Shanghai and will assume office on the departure of Mr. Naggiar.

The China Institute of America, which has its offices at 119 West 57 street, New York, has just issued a pamphlet of some 40 pages containing a complete list of Theses and Dissertations which have been written and published by Chinese students in the United States. The purpose of the publication, according to the preface is to present a record of the academic efforts and interests of Chinese students in the United States.

Fan Yuan-lien, for many years Minister of Education in the Peking Government and since 1924 chairman of the Chinese-American Educational Foundation, died in Tientsin on Friday, December 23. Mr. Fan had traveled extensively in America and Europe and was nationally known as a progressive leader. He is survived by his mother, his wife and two children.

Frank Gordon Campbell, a member of the detective branch of the police department of the International Settlement, was shot and killed by armed Chinese robbers on Friday, Dec. 30. Sergeant Campbell was chasing two armed robbers who had taken refuge in a bed in a house on Great Western Road. When the police officer raised the bed covers, one of the robbers fired twice, both of the bullets entering the officer's stomach.

The Manila Railroad has advertised for bids for the construction of two 600 tons net capacity ships to be operated in the inter-island service. The total cost will be approximately Pesos 450,000. Two bids recently submitted by the Taikoo Dock and Engineering Company and the Kowloon Dock and Engineering Company of Hongkong were rejected, but it is announced that the ships will be constructed in shipyards on the China coast.

The Chinese military authorities at Hankow have apologized to the Japanese and French consuls for the arrest of a Japanese and a Frenchman in connection with the round-up of Russians in that city following the breaking off of relations with the Soviet. The Frenchman and Japanese were arrested in a Russian boarding house and were marched through the streets with their hands tied behind their backs along with the Russian inmates of the hostel.

The British military authorities at Shanghai have handed over to Tsang Ming-tsung, a Chinese soldier, the sum of $1,000 as compensation for a serious wound which the Chinese soldier accidentally received at the hands of a British soldier several weeks ago. According to the report of the incident Tsang and a British soldier were fraternizing on the border of the International Settlement and were examining each other's rifles. Somehow one of the guns went off and the Chinese soldier was shot through the jaw. The money was handed over to the Chinese soldier through the Bureau of Foreign Affairs.

The leading article in the December number of the *Meifoo Shield* is about "Saigon—Le Petit Paris" and deals with conditions in the French colonies in the Far East. There are several excellent photographs by Acton Poulet. Another article deals with "Angkor, the Magnificent," which is also illustrated by several excellent photographs of scenery in Annam and Cambodia. There is also an article dealing with the recent Japanese army manoeuvers and a story by Fred C. Ells on "Pheasant Shooting in Korea." The cover design is a color reproduction of Princess Yang, the favorite of Emperor Ming Hwang. The *Meifoo Shield* is the monthly house organ of the Shanghai office of the Standard Oil Company of New York.

In the United States Court for China

In re
The Estate
of
JOHN T. PROCTOR,
Deceased.

Cause No. 3021

Estate No. 669

NOTICE

Pursuant to an Order of said Court, notice is hereby given to all persons having claims against the Estate of JOHN T. PROCTOR deceased, to present the same with vouchers to the undersigned, on or before June 6, 1928, and all persons owing debts to the said deceased are hereby notified to make payments of the same in due course to the undersigned.

NELLIE M. PROCTOR
Temporary Administratrix
1 Young Allen Court
SHANGHAI.

In the United States Court for China

CLARA DIATLAVA PATTEN,
Plaintiff,

vs.

WENDELL W. PATTEN,
Defendant.

Cause No. 3002
Civil No. 1249

ORDER.

Filed at Shanghai, China,
December 15, 1927.

JAMES M. HOWES
Clerk.

ORDER.

The object of this suit is an action for divorce. On motion of the plaintiff on this 6th day of December, 1927, IT IS ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays accruing after the day of the last publication of this order; otherwise the cause will be proceeded with as in case of default.

MILTON D. PURDY
Judge,
United States Court for China.

From the Chinese Press

(News items pertaining to Chinese politics appearing under this heading, are taken mostly from the daily reports of the Kuo Wen (independent), Kuo Min (Nanking official) Nationalist (Wu-Han official) and Toho (Japanese) news agencies, and from translations of articles appearing in the local Chinese press).

December 28—Japanese consul Tajima at Nanking ordered to return to Tokyo and Issaku Okamoto, vice-consul promoted to consul and ordered to return to Nanking while Mr. Asahi, a clerk in the Japanese consulate general at Shanghai appointed vice-consul—Minor clashes in vicinity of Chining by Feng Yu-hsiang and Sun Chuan-fang's troops, but no major clashes as yet—*Toho* report states that Feng's troops under Generals Lu Chung-lin and Sun Liang-chen are now stationed at Tan-hsien—Japanese continue to protest alleged bad treatment of Koreans in Manchuria by Chinese—Feng Yu-hsiang acknowledges receipt of $2,000,000 and large quantity of military supplies from Nanking; reported Feng is shortly moving his headquarters to Changte, Honan in order to assume personal command of his troops—*Kuo Min* report states that Chihli-Shantung troops suffered more than 20,000 casualties in recent fighting on Kiangsu border—Central Special Committee at Nanking officially wound up by committee composed of Tsai Yuan-pei, Tan Yen-kai, Li Lieh—chun and $10,000 appropriated for paying back salaries—Gen. Yang Sen, commander of 20th Nationalist army notifies Nanking that he has disarmed the guards of Wu Pei-fu and that Wu has gone to Suitang—Government Council in Nanking, attended by Tan Yen-kai, Li Lieh-chun, Wu Chao-chu, Wang Chung-hui, Sung Yuan-yuan, Wang Pei-chun and Liu Pei-chen pass resolutions, that Hsu Yung-chang and Fu Chen-yi be appointed members of military council; that C. C. Wu, Wang Chung-hui and Hsu Yuan-hao be appointed to draft a criminal code; that Sun Fo and Chang Hung-nien be requested to reconsider their resignations from the Ministry of Communications; that Chang Yun-yong be appointed a member of the Kansu provincial committee; and that the Martial law command at Nanking be reorganized—Nanking appoints Admiral Li Chin-hsing chief of staff as Customs commissioner at Shanghai—Yen Hsi-shan notifies Nanking that Chang Tso-ling has purchased 40,000 new rifles from Italy and is engaged in organizing four new armies—Nationalists plan organization of provisional court in Hankow similar to Shanghai.

December 29—Nationalist troops under Li Min-yang capture Jihchao; Feng's troops advance along three routes along right bank of Yellow River with Tsinanfu as objective—Dr. C. C. Wu resigns as Foreign Minister of Nationalist Government; Quo Tai-chi vice-minister and Commissioner of Foreign Affairs at Shanghai instructed to carry on pending another appointment—Sun Fo, Finance Minister resigns giving reason that he has been unable to obtain financial support from Chekiang province—Generals at Hankow including Bei Tsung-chi, Chen Zung-yung, Li Ti-ping, Yeh Kei-hsin, Chen Chia-yo, Hu Tsung-ta, Hsia Hwei and Tao Chun telegraph government urging arrest and expulsion from Kuomintang of Canton members, nine in all, on grounds that they are guilty of treason and conspiracy against the Government" also demand that they be not permitted to attend the Fourth Plenary Conference of the Central Executive Committee in Nanking—Nanking Government receives report from Canton stating that 20 Russians were arrested for complicity in the recent communist coup-d'etat—Japanese Consulate in Nanking reopens with all members on the job—Feng Yu-hsiang notifies Nanking that 50,000 troops from Shensi and Kansu have been dispatched to the Chihli-Shantung front—Nanking report by *Kuo Min* states that railway staffs including coolies on Tientsin-Pukow railway between Tientsin and Tsinanfu have gone on strike tieing up service—*Kuo Min* report from Hongkong states that Communists at Canton tried another uprising but were suppressed by Li Fu-lin; same report states that Chang Fa-kwei's troops have evacuated Canton for Sheklung on the Pearl River between Canton and Weichow; Central Bank notes slump in Canton—Gen. Li Fu-lin moves troops into Canton and assumes control; reported that Kwangsi troops are continuing to advance on Canton without interruption—Peking Government representatives meet with Italian diplomatic officials to consider disposition of Italian share of Boxer Indemnity, which is to be "used for education, art and road construction"—*Kuo Wen* report from Peking states that Diplomatic Body looks with disfavor upon the second despatch of Japanese troops to Shantung—Mukden report states Gen. Han Lin-chun is improving and may recover from his recent illness; originally reported he had been poisoned "for political reasons"—Gen. Shi Chung-chen arrested in Tientsin on orders of Chang Tso-lin—Chang Tso-ling issues orders that all revenues of Chihli, Shantung, Kirin, Heilungkiang, Jehol and Chahar, must be remitted directly to Peking for military purposes—Directors of former-British Concession in Hankow hold first meeting in ten months.

December 30—*Toho* dispatch from Peking states that Feng-tien and Shansi troops have reached understanding for evacuation of Chochow on following terms; that Shansi troops in Chochow shall be renamed "National Defense Force,"; that they shall be employed in subjugating bandits; that they shall refrain from further participation in the civil war; report states they have held out for 80 days—Peking Government decorates Gen. Banzai Japanese military adviser who recently resigned after many years of service with the Chinese—13th division of Nationalist Kwangsi troops under Gen. Hwang Shao-hsiung enter Canton peacefully; Gen. Li Fu-lin will retire and Gen. Teng Yen-hua will become director of public peace bureau—Gen. Chu Yu-puh, tupan of Chihli province orders Chinese civil and military officers to move out of the foreign concessions into Chinese territory claiming it is "too luxurious" for them to live in the Concessions—Chang Tso-ling calls off all New Year ceremonies owing to the serious war situation—British and Japanese and French authorities again protest seizure of salt revenues in Shantung; Peking replies that instructions have been sent to the Shantung officials to desist—*Kuo Min* report denies Peking telegram that Yen Hsi-shan's troops have evacuated Chochow—Feng Yu-hsiang and 20 other Nationalist generals issue circular telegram urging Chiang Kai-shek to resume his activities and complete the Northern campaign—Nationalist generals at Hankow demand that Chamber of commerce in that city immediately raise $600,000 for military purposes—Gen. Chen Hai-cheng, member of the Nanking Government executed for communicating with the Northerners—Nanking report states that troops of Gen. Chang Tso-hsiang will be moved to the north of Shanhaikwan—Fifty alleged communists arrested at Hankow—*Kuo Wen* report states that Russian Consul General at Mukden has been instructed to interview Gen. Chang Huan-hsiang at Harbin on question of cooperation in northern Manchuria—Peking report by *Kuo Wen* alleges that delegates from Shansi have arrived in Peking to negotiate peace with Chang Tso-ling—Dr. Tsao Yun-hsiang, president of Tsinghua College resigns—Chinese Chamber of Commerce Conference in Shanghai urges Powers not to intervene and to take immediate steps for revising the unequal treaties.

December 31—Japanese send 15 armed marines into Chinese territory at Shanghai for the purpose of protecting the Paoshan Glass Factory, a Japanese concern; reported that manager of company had received threatening letters—Soviet Consul, wife and children and wife and child of Russian consular official at Canton who was executed by the Chinese troops, arrive in Hongkong on their way home to Russia; according to *Reuter* interview, Consul states he and his family were roughly handled and all Russian officials of consulate and including vice-consul Hassis, excepting consul-general, were executed—*Kuo Min* report states Gen. Sun Liang-chen of Northwestern Army, captured Tenchowfu and that Chihli-Shantung troops have retreated to Tsinanfu—Dr. C. C. Wu, in parting message to staff of Ministry of Foreign Affairs asks them to carry on until a new foreign minister is appointed—Generals Bei Tsung-chi, Chen Zung-yung, Hu Chung-tuh, Hsia Tao-yin, Yeh Kai-hsin and other military commanders at Hankow send telegram to Sun Fo, Ho Yin-chin and Li Tsung-jen, severely criticising Chekiang province for witholding funds from the Ministry of Finance, which Sun Fo in a public announcement gave as his reason for retirement—Government Council in Nanking again requests C. C. Wu and Sun Fo to reconsider their resignations and send Tan Yen-kai to Shanghai to interview them—*Kuo Min* statement says that Fourth Plenary Session of Kuomintang will be held in Nanking on Jan, 6, members not expected to be present being Mrs. Sun Yat-sen and Eugene Chen (in Moscow), Gen. Hwang Shao-Hsiung in Canton, Liu Shou in Shansi, Chen Zung-yung and Chen Chia-yu in Hankow and Mr. and Mrs. Wang Ching-wei, on their way to France; Kan Nai-kwan of Canton who has returned to Shanghai, expected to attend—*Kuo Min* report states that Gen. Chang Chin-yao of Shantung forces has gone over to the Nationalists at Huan Chen, causing the Chihli-Shantung troops to suddenly withdraw to Taianfu.

January 1—Soviet Embassy in Tokyo flatly denied, according to *Toho* report, that it had approached the Japanese Government to mediate in connection with the Soviet's troubles with the Chinese Nationalists—Gen. Han Lin-chun, previously reported seriously ill in Mukden from poisoning, recovers and returns to Peking—Admiral Li Ching-hsi appointed superintendent of Chinese customs at Shanghai—Chinese order all Russians in Hankow area to register—Chang Shou-

(Continued on page VI)

New Books of Interest in the Far East

Abbe Huc—A New Edition

"Travels in Tartary", by Evariste Regis Huc (Pere Huc). Ed. by H.d' Ardennes de Tizac. transl. from the French by W. Hazlitt. "Blue Jade" Lib ary. Alfred A Knopf. $3.00.

Those who do not know the "Blue Jade" Library should immediately make themselves familiar with it. Its aim is to place within the reach of those who can appreciate them books which until now have been confined to the bibliophile.

The Abbe Huc's "Souvenirs d'un Voyage dans la Tartarie' le Thibet et la Chine pendant les annees 1844-1846" has long been recognized by lovers of the Orient as a classic. It was necessary that it should be included in this library for the judicious, since time hides many good things, and it is few people who know that the English translation of the original, brought out in 1851, was the work of the son of the great critic William Hazlitt. This new edition for modern readers has been prepared by the curator of the Cernuschi Museum, and much that is no longer of great interest or importance is omitted. M. de Tizac has thus far edited only the first volume, and the present edition of the Haslitt translation has been made in conformity with his version. The illustrations are taken from the woodcuts of the first English edition.

It was on the 29th of January 1846 that the Abbe Huc and his companion Gabet entered the forbidden city of Lhasa. No book better than his could carry one far from the wearying round of politics, and yet we are forced to remember that even his disinterested work was affected thereby. Favourably received by the regent at first, they opened a little chapel, and were in a fair way to establish an important mission, when the Chinese ambassador interfered and had the two missionaries conveyed back to Canton, where they arrived in October of the same year. Perhaps the Imperial government had reason to fear the foreigners: four years previously the Treaty of Nanking had been signed.

But for one moment let us forget and allow ourselves to be carried away by the Abbe into that far land of dreams where dwell the shades of all those who have dared to penetrate the lands beyond. It is not difficult to read between the cold lines of the "Encyclopaedia Britannica", where we find it recorded" that the "Souvenirs" is a narrative of a remarkable feat of travel, and contains passages of so singular a character as, in the absence of corroborative testimony, to stir up a feeling of incredulity. That Huc was suspected unjustly was amply proved by later research".

It is comforting to know, however, that, in the last resort, "he was by no means a practical geographer, and the record of his travels loses greatly in value from the want of precise scientific data".

In place of scientific data, we have foreshadowed the work of Roy Chapman Andrews, when we read that "you often in these parts of Tartary meet with remnants of great towns and the ruins of fortresses, very nearly resembling those of the Middle Ages in Europe, and, upon turning up the soil in these places, it is not unusual to find lances, portions of farming implements, and urns filled with Korean money".

More entrancing, however, than these archaeological sidelights, are the Abbe's descriptions of natural phenomena: "Almost the entire region is now in the hands of the Chinese, and it is probably owing to their system of devastation that we must attribute the extreme irregularity of the seasons which now desolate this unhappy land. Droughts are of almost annual occurrence; the spring winds settling in dry up the soil; the heavens assume a sinister aspect, and the unfortunate population await, in utter terror, the manifestation of some fearful calamity; the winds by degrees redouble their violence, and sometimes continue to blow far into the summer months. Then the dust rises in clouds, the atmosphere becomes thick and dark; and often at midday you are environed with the terrors of night, or, rather, with an intense and palpable blackness, a thousand times more fearful than the most sombre night".

Or better still: "During the winter of 1831 a dark rumour grew into circulation: "Next year", it was said, "there will be neither rich nor poor; blood will cover the mountains; bones will fill the valleys"....The fearful prognostic, which had been so often repeated, became accomplished"

For travelling companion let me offer you Samdadchiemba: "His face was without any decisive character: it exhibited neither the mischievous knavery of the Chinese, nor the frank good nature of the Tartar, nor the courageous energy of the Thibetan; but was made up of a mixture of the three. Samdadchiemba was a Dchiahour".

I have not yet read "Trader Horne", but until somebody lends me a copy of that so-boosted rip-snorter, I shall be content to travel in Tartary.

Shanghai Nov. 21, 1927 J. D. M.

Readers of *The Review* who are unable to obtain books reviewed on this page from local book stores may communicate with *The Review* and they will be obtained from the publishers abroad at cost plus postage.

Address

THE CHINA WEEKLY REVIEW

4 Avenue Edward VII

Shanghai.

Finding the Interesting in China

A Griffin in China; by Genevieve Wimsatt; Funk & Wagnalls Company, N. Y.

The author of this interesting volume is to be envied. She has the unusual ability of seeing the interesting in the things which to most of us are so commonplace as to escape our least attention. Unlike so many people with a flair for writing, she made no attempt to diagnose the source of China's sorrows, rather, she has delved into a little appreciated side of Chinese life and given us a picture which causes one to wonder if in spite of floods, famines, and constant warfare, the lot of the everyday Chinese is not a rather happy one, from his own point of view. This book should be an inspiration to many foreign residents of China who complain of nothing to do in the way of following up an interesting hobby, who say that collecting is too expensive a pastime for them. In her chapters on finger masks, shadow shows and silhouettes, the mud men of Tientsin, and popular personages in Chinese art this versatile lady points the way to the fascinating pastime of collecting which is well within reach of the average purse and which might even prove to be eventually lucrative. A glimpse at the modern Chinese woman fails to bring to light evidence of much that is unusual in the position of the interesting sex, in fact merely substantiates what everyone knows, that geography has little to do with woman's commanding position. We commend this clever bit of workmanship both for its unusual theme and for the wealth of information it contains upon subjects concerning which most of us are too lazy even to inquire.

Shanghai Dec. 30, 1927 A. M. G.

It's Now the White Man's Dilemma!

The White Man's Dilemma—A Study of the Climax of the Age of Imperialism, by Nathaniel Peffer; New York, The John Day Company.

The white man's burden, in the opinion of Nathaniel Peffer, has been replaced by the white men's dilemma, and "The White Man's Dilemma" is the subject of Mr. Peffer's new book. The title is not strictly accurate, as the dilemma in question is faced not only by "white men" but by all imperialistic Powers, among which Japan takes a leading place. The sub-title of the book is "a study of the climax of the Age of Imperialism." The author shows himself as a passionate opponent of the imperialistic principle, whether it demonstrates itself in foisting ideas or economic or political bondage on a weaker people. But he considers the crisis now facing world empires as a practical and not a moral question.

The white man's dilemma today, as Mr. Peffer sees it, is whether he shall try to keep subject peoples still under his dominion or whether he shall let them go. He must do one or the other, and make up his mind very quickly which he intends to do. Either course will be costly. If he relinquishes his hold on subject peoples, the imperialist will lose trade, access to raw materials and a field for surplus capital. If he hangs on, he faces an increasing opposition which will cost him a pretty penny to put down. The Age of Imperialism has reached its climax because the empires are weaker and the subject peoples more strong and determined than they have been since the rise of Imperialism. Mr. Peffer offers only one bit of advice: that the imperialist act immediately, while he still

(Continued on page VI)

Latest New York Stock Exchange Quotation

Jan. 4, Supplied by J. E. Swan & Co. Tel. C. 6615 6619.
Market Closed Strong Business Done (Shares) 2,600,000

STOCK	Previous Price	Latest Price
Allied Chemical & Dye (Common)	153½	153
American Can (Common)	74	75
Amrerican Radiator (Common)	134¼	136¾
Co. (Illinois) 1% Pfd.	68	69⅜
American Tolephone & Tel. (Common)	178⅞	182⅛
American Tobacco "B"	173¼	176
Bank of Montreal	335	mutilated
Bethlehem Steel (Common)	57¼	58⅛
Bethlehem Steel, Pfd. 7%	120	120⅜
Canadian Pacific Railway	208½	209⅞
Canada Dry Ginger Ale	56½	56½
Cheasapeake & Ohio (Common)	203	204¼
Eastman Kodak Co. (Common)	164¼	162¾
General Baking "A"	75⅝	76
General Electric (Common)	133¾	137½
General Motors (Common)	137¼	137¾
Goodrich (B.F.) Co. (Common)	94	97⅞
International Match, Pfd.	93	93⅛
International Nickel (Common)	85¼	85⅜
Ligget & Myers, Class "B"	122½	122½
Mack Trucks (Common)	106½	107
New York Central (Common)	161½	163½
Packard Motor Car Co. (Common)	59⅜	63
Phillips Petroleum (Common)	40¾	41¼
Pacific Gas & Electric	48⅛	48
Radio Corp. of America (Common)	90	92¾
Reynolds Tobacco, Class "B"	160	160⅜
Standard Gas & Electric (Common)	59¼	59
Schulte Retail Stores (Common)	51½	52¼
Southern Railway (Common)	146¼	146
Standard Oil of California	55⅛	55¾
„ „ of New Jersey	39¾	39⅞
„ „ of New York	31¼	31
„ „ of Indiana	78	78⅛
Texas Corporation (Common)	54¼	54
Tobacco Products, Class "A"	120¼	122
Union Carbide	145¼	144½
Union Pacific RR. (Common)	191½	192½
United Fruit	142¾	142½
United Drug (Common)	193⅛	196½
United States Rubber (Common)	56½	61⅛
United States Realty & Imp. Co.	mutilated	66⅛
United States Steel	152⅞	152

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity	Sale Price Dec. 22th	Sale Price Dec. 29th	Approx. Yield to Maturity Dec, 29th
Czecho Slovak Govt. Sinking Fund Loan...	8	Oct. 1, 1952	108¼	108⅝	7.25
Czecho Slovak Govt. Ext. S. F. Loan.....	7½	Oct. 1, 1945	105⅛	105⅛	6.96
Republic Chile S.F. Loan	7	Nov. 1, 1942	101	101⅛	6.87
Argentine Ext. S.F. Loan	6	May. 1, 1960	99⅛	99⅛	6.02
Italy, Ext. S. F. Loan..	7	Dec. 1, 1951	98⅝	99	7.09
Austrian S. F. G. Loan..	7	June 1, 1943	104¼	104	6.58
French Ext. S. F. Loan	8	Sept. 15, 1946	110⅝	110¾	6.94
Japanese Govt. (£).....	5	1907/1947	83¾	84¼	6.40
German Govt. S. F. Loan	7	Oct. 15, 1949	106⅝	107	6.40
Deutsche Renten Bank 1st Lien Farm Loan	7	Sept. 15, 1950	99½	99⅝	7.02
Saxon Public Works Inc. 1st Mtge. S. F. Loan ..	7	Feb. 1, 1945	100¼	99¾	7.03
German G.E.C.S.F. Loan	7	Jan. 15, 1945	103¼	103⅜	6.62
Finnish Guaranteed Municipalities S. F. Loan...	6½	Oct. 1, 1954	98¼	98¼	6.64
Chicago Rapid Transit 1st. & Refunding Mtge.	6¼	July 1, 1944	98½	98½	6.65
Northern Ohio Power & Light Co. Debentures.	6½	Jan. 1, 1941	100	100	6.50
Cuban Domin. Sugar Co. 1st Lien S. F. Loan...	7½	Nov. 1, 1944	100½	100½	7.45
Camaguey Sugar Co. 1st. Mtge. S. F. Loan.....	7	Oct. 15, 1942	100½	100½	6.95
Pennsylvania Dixie Cement Cumulative...	7	Pfd. Stock	97	94⅛	7.41
Victor Talking Machine Company Cum, Prior	7	Pfd. Stock	102	102	6.86
Willys Overland Co.....	7	Pfd. Stock	94½	92¼	7.59
The National City Bank of New York.....	20	Stock	735	744	2.69
Republic of Peru, Ext. Secured S. F. Loan...	7½	Sept. 1, 1956	107	——	——
Saxon Public Works Inc.	6½	May 1, 1951	——	95¼	6.89
Paris Lyons & Med. R.R.	6	Aug. 15, 1958	——	95	6.37
Lawrence Portland Cement Co.	5½	Apl. 1, 1942	——	98⅛	5.65
Italian Credit Consortium for Public Works "B".....	7	Mar. 1, 1947	——	94½	7,55

Shanghai Exchange for Week Ending Wednesday, January 4, 1928

By Maitland, Fearon and Brand

Exchange:—Owing to the Dhristmas and New Year holidays, a forthight has elapsed since the date of our last circular, during which time the price of Aar Silver in London has only moved which narrow limits: today's quotations of 26⅜d ready and 26 5/16d. forward show a decline of 1/16d. in the spotlprice as compared with that ruling two weeks ago, while the forward price remains unchanged. The official T/T rate on London is unchanged @ 27d. There was a small premium offering for cash money over the New Year but this has now disappeared. The exchange market has been very quiet in regard to imports and exports and speculators have only operated to a moderate extent. The market today closes quiet and steady, the following for Gold remittances, near delivery, being available:—T/T on London 17⅜d., New York 63¾, Yen 73¼.

Our stocks of silver are reported as follows:—

Sycee and Bar Silver.....Tls.52,017,000 a decrease of Tls. 1,801,000

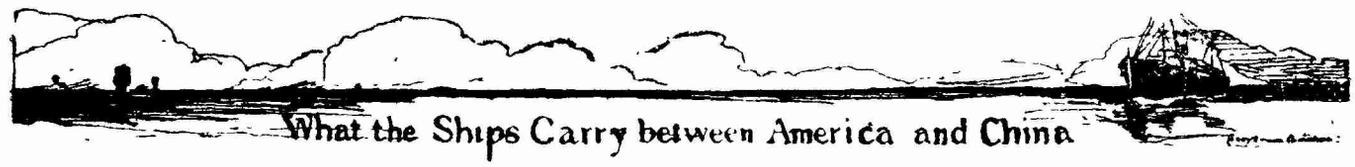
Chinese and Mexican Dollars..... $ 76,250,000 a decrease of $ 1,740,000

timated value Tls. 106,917,000 as against Tls. 122,572,000 held at this time last year.

	Average rates for Nov.	Thursday Dec. 22	29	Fri. Dec. 23	Fri Dec. 30	Sat. Dec. 24	Sat. 31		Wed. Dec. 28	Wed. Jan. 4
Bank's selling rates		*opening*		*opening*		*opening*			*opening*	
T/T London	2/6 827	2/7	2/7	2/7	2/7	2/7	2/7	Jan. 2	2/7	2/7
		2/7 1/16								
D/Dfts „	—		2/7 5/16	2/7 1/32	2/7 1/16	2/7 1/16	2/7 1/8	Jan. 3	2/7 1/16	2/7 1/16
4 m/s „	—	2/7¼	2/7½	2/7¼	2/7¼	2/7½	2/7½	Dec. 26	2/7¼	2/7½
T/T India	171.125	170¾	170½	170¾	170¾	170¾	170¾	Dec. 27	170¾	171
T/T France	1,592,308	1600	1600	1600	1600	1600	1600	Mon.	1600	1600
T/T N. Y.	62.601	63	63	63	63⅛	60	63⅛	Tues.	63	63
T/T Demand		63 1/8	63⅛	63⅛	63¼	63⅛	63¼		63⅛	63⅛
T/T Hamburg		263¾	264¾	263¾	264	263¾	264¼		263¾	264
T/T H'kong	79.202	79¾	79¾	79¾	79½	79¾	79½		79¾	79⅛
T/T Japan	73.538	73⅝	73¾	73½	74	73½	74⅛		73¾	74¼
T/T Batavia	154 625	155¼	155¼	155⅛	155¼	155⅛	155½		155¼	155¼
T/T Straits	90.351	91½	91½	91⅝	91½	91¼	91½		91½	91½
Bk's buying rates 4 m/s B/L. Cred. D/A	2/8 827	2/9	2/9	2/9	2/9	2/9	2/9		2/9	2/9
4 m/s „ D/P	—	2/9⅛	2/9⅛	2/9⅛	2/9⅛	2/9⅛	2/9⅛		2/9⅛	2/9⅛
6 m/s „ B/L Cred D/A	2/9.139	2/9 5/16	2/9 5/16	2/9 5/16	2/9 5/16	2/9 5/16	2/9 5/16		2/9 5/16	2/9 5/16
4 m/s B/F Cred D/A or D/P	1,722.308	1675	1675	1675	1675	1675	1675		1675	1675
4 m/s N.Y.Lc	65.976	66⅜	66⅜	66⅜	66½	66⅜	66½		66⅜	66⅜
4 m/s „ Docs	—	66⅞	66⅞	66⅞	67	67⅞	67		66⅞	66⅞

†Based on Daily Official quotation, higher rate taken on rising Market, lower when falling Bullion.	Dec 22	Dec 23	Dec. 24	Dec. 26 27 Jan. 2 3	Dec. 28	Dec. 29	Dec. 30	ec. 31	Jan. 4
*London Price of Bar Silver per oz. (English Standard 925 touch)...Pence	26⅜	26 7/16	26½	BANK HOLIDAY	26½	26 7/16	26 9/16	26⅜	26⅜
**New York Price of Bar Silver per oz. (Pure)	G.$57¼	57⅝	57⅝		57½	57⅝	57¾	57½	57⅝
Shanghai Price of Gold Bars (weight Tls. 10 (Chanping) 978 touch).....	359 10	359 00	359 40		357 10	359 40	360 20	361 10	361 20
Shanghai Silver Bars (weight Tls. 100(C.)999 touch)	110 96	110 90	110 90		110 90	110 90	110 90	110 90	110 90
Shanghai Mexican Dollars per $100.....	72.7375	72.7	72.7		72.6	72.6	72.575	72.6	72.525
Native Bank Rate of Interest (Call money)	1%	1%	1%		1%	1%	1%	1%	1½%
*Closing Price in Lond on for Previous day									
**Closing Price in New York for Previous day									

Bank of England rate of discount	4½%	London Paris on	T/T 123.97
Bank of France rate of discount	5%	New York on London	T/T 488⅛
London open Market of Dis. 3 m/s	4 3/8%	Bombay on London	T/T 1/6 1/16
„ 4 „	4 3/8%	Hongkong on London	T/T 2/0⅛
„ 6 „	4 3/8%	Kobe on London	T/T 1/10 31/32



Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces; Mille—thousands; Hk. Tls.—Haikwan Tls., Nov. *Customs Rate Tls. 1.43 equal Gold $1*

FALSTERBO, Nov. 24.

From U. S. A.

Timber:		
Softwood, Ordinary, Sawn	Sup. ft.	3,953,039

PRESIDENT LINCOLN,

November 25.

Silk, Piece Goods	Pls.	1
Silk Pongees, Shantung	,,	1
Brassware	,,	3
Chinaware, Fine	,,	8
Vermicelli	,,	25
Carpets	Pcs.	71
Rugs	,,	8
Umbrellas, Paper	,,	828
Canned Bamboo Shoots	Doz	200
,, Fish	Doz.	72
To Baltimore.		
Tea, Green:		
Gunpowder, Ningpo.	Pls.	101
,, other Ports	,,	10
Bristles, Assorted	,,	99
Straw Braid, Split	,,	15
To San Francisco.		
Silk Piece Goods	Pls.	4
,, Mixture	,,	
Tea, Green:		
Gunpowder, Ningpo.	,,	41
Tea, Black, Congsu, Hankow	,,	52
Tea, Black, Unfired: other Ports	,,	523
Tea Jasmine, Shanghai	,,	1
Brassware	,,	10
Oil, Groundnut	,,	27
,, Wood	,,	4,500
Fungus White	Catties	30
Carpets	Pcs.	53
Silk Coats	,,	84
Rugs	,,	5
To Boston.		
Silk, Waste	Bls. 61 lbs.	191
Cotton, Raw	Bls. 250 ,,	979
To Chicago.		
Soapstoneware Ornaments	,,	26
Rugs	,,	24
To Manzanillo.		
Rugs	Pcs.	14
To New York.		
Silk, Raw, Re-reeled: White, other Ports	Bls. 10 Pls.	10
Silk, Raw, Steam Filature: White, Shanghai	Bls. 30 Pls.	30
White, other Ports	Bls. 20 ,,	20
Silk Pongees, Honan	,,	15
Silk, Pongees, Shantung	,,	6
Brassware	,,	14
Chinaware, Fine	,,	3
Cotton Rags	,,	36
Egg Albumen, Dried	,,	69
,, Yolk, Dried	,,	168
Hair, Human	,,	63
Hides, Buffalo	,,	146
Woodware	,,	4
Wool, Sheep's	,,	477
Carpets	Pcs.	89
Skins, Dog, Tanned	,,	3,893
To Philadelphia.		
Hair, Human	Pls.	22
Rhubarb	,,	50
Wool, Sheep's	,,	152
To Houston		
Hair, Human	Pls.	101
To Cincinnati.		
Tea, Green: Young Hyson,		
other Ports	,,	11
Hyson, other Ports	,,	3
Gunpowder, Ningpo.	,,	245
To St. Louis.		
Tea, Green: Gunpowder, Ningpo.	,,	205
Hats, Rush	Pcs.	12,600
To Barrang Villa.		
Silk Pongees, Shantung	Pls.	2
To Colon.		
Silk Pongees, Shantung	,,	1
To Charleston.		
Hair, Human	,,	83
To Hoboken.		
Silk Raw, Filature: White, other Ports	Bls 10 Pls.	10

EDENTON, November 28.

from U. S. A.

Cotton, Raw	Bls. 4,905 Pls.	17,922
Wax, Paraffin	,,	416

ARABIA MARU, Nov. 29.

from U. S. A.

Copper Ingots	Pls.	420
Herrings, Salt	,,	5,365
Timber:		
Softwood, Clear, on Net measure	Sup. ft.	195,300
Softwood, Merchantable on Net Measure	Sup ft.	18,930

SILVERASH November 29.

From U S. A.

Zinc Dust	Pls.	250
Cotton, Waste	,,	3
Indigo Paste, Artificial: 20 per cent	,,	2,000
50 ,,	,,	88
Sulphur, Black	,,	391
Tobacco, Leaf	,,	9,829
Tobacco, Prepared, in Tins	,,	2
Cigarettes	Mille	16,950
Dyes, Aniline Pkgs.	101 Hk Tls.	5,678

CHICKASAW CITY,

November 30.

From U. S. A.

Iron Tubes	Pls.	167
Lead-foil	,,	1,117
Steel Rails	,,	7,843
,, Tubes	,,	1,471
Steel, Galvanized: Sheets Plain	,,	1,361
Tinned Plates, Plain	,,	3,340
Tobacco, Leaf	,,	77
Wax, Paraffin	,,	252
Turpentine, Vegetable	Galls.	270

SIBERIA MARU,

December 2.

from U. S. A.

Cigarettes	Mille.	2,150
Oil, Lubricating, Mineral	Galls.	4,977

ASIATIC PRINCE,

December 2.

from U. S. A.

Steel, Galvanized: Tubes	Pls.	384
Tinned Plates, Plain	,,	1,825
,, ,, Decorated	,,	14
,, Plate Strips	,,	840
Aluminium Foil	,,	35
Carbon Black	,,	142
Starch, Corn	,,	1,680
Fibre Sheets	,,	14
Glucose	,,	160
Indigo Paste, Artificial, 20 per cent.	,,	1,581
Lead-foil	,,	366
Sulphur Black	,,	1,685
Tobacco, Leaf	,,	10,774
Turpentine, Mineral	Galls.	833
,, Vegetable	,,	417
Cigarettes	Mille	33,650
Machinery	Hk. Tls.	6,916

ASIATIC PRINCE,

December 3.

To Manila.

Candles	Pls.	26
To Sourabaya.		
Calendars	Hk. Tls.	1,167
To Boston.		
Nutgalls	Pls.	335
To New York		
Egg Yolk, Dried	,,	84
Feathers, Goose	,,	9
Seed, Sesamum	,,	168
Tallow, Vegetable	,,	383

Weekly Cotton Market Report

By J. Spunt & Co.

China Cotton:—The firm tendency in our market continued during the past week, and prices showed a further advance of Tls. 0.75 to Tls. 1.00 per picul. The movement was rendered more vigorous by the covering of shorts, which was influenced by the steady advances in Mid-Americans and Indians, as well as to the operations of the local Bull clique. Whatever may be the ultimate object of these operations, their influence has been one of the controlling factors in the market, and has brought about a moderate revival of Bull speculation on the part of the outside public. At the close, however, the undertone of the market is steady.

The mills apparently are for the time being fairly well supplied or well contracted for their immediate, requirements and no sooner the political unrest is modified and further improvemen tevolves in the yarn situation, there is no doubt that more activity will be engendered in the consumption of the local staple, which circumstances would indicate the wise policy of taking advantage of every break that may present itself as a precautionary measure against any sharp upward fluctuation that may ensue.

Yarn:—Since the issue of our last report, our market has been quite firm, and prices advanced further by Tls. 3.00 to Tls. 4.00 from the level last ruling. New business for export has been booked some 10,000 to 11,000 bales in all counts and chops during the week under review. As to the future course of the market, we are of the opinion that it inclines more to a bullish than a bearish direction, owing to the fact that the interior marts are practically bare of stocks, therefore we believe that purchases on breaks are likely to lead to profitable results in the long run.

Liverpool:—

American-Middling	11.04
American-Middling last reported	10.86
Tone of the Market,	*Steady*

New York Market:—

Price of Mid-Amer.	20.10 Spot.
	19.60 Jan.
	19.69 Mar.
	19.84 May.
	19.75 July
	19.16 Oct.

Tone of the market—*Steady*

Indian Market:—

Fully Good Bengal, D./J.	316
Fine Oomra, D/J.	350
Fully Good Broach, A./M.	386

Tone of the market—*Steady*

Shanghai Market:—

	Tls.
Tungchow, Spot. exwharf	34.40
Shanghai, Dec./Jan.	33.50
M. Ginned, Dec./Jan	34.25
Shensi, No. 1 Dec./Jan.	36.00
Ningpo. Spot, Exwharf.	30.60

Tone of the market—*Steady*

(*Continued from page 163*)

has the opportunity to make a decision, "either consciously, on full deliberation and knowing why, rigorously to suppress the rebellious subject nationalities, now when the initiative is ours and there is more likelihood that we can; or at once to get about the business of liquidation and cut them loose, now when there is more likelihood that the surgery will not be fatal to ourselves."

Into 300 pages the author has packed a lot of meat. He sketches the whole modern history of Empire, describing the opening up and exploitation of Africa, Asia, and Latin-America. He is particularly concerned with the rise of the United States as an imperial power, and ably supports his contention that while America has been slow to join the other imperial powers, it has made up for lost time, having once started, and has been quite as ruthless as any other in its methods, particularly in Central America. Covering so much ground in a small book, Mr. Peffer has treated scores of controversial subjects rather dogmatically, but the book obviously is intended to stimulate thought, and not to prove any "case". It succeeds very well. It is stimulating both in style and content.

The climax of the Imperial Age, in the author's belief is now imminent in two countries—China and India. Here is the battleground upon which the issue will be fought out. While it is obvious that the author's sympathies are with the "subject peoples", he offers to disregard his sympathies, and discuss the dilemma as a practical question, and thereupon advises the "white man" (the imperialist) either to insist upon all his rights in China and India, or get out as rapidly as possible. He is much more in sympathy with the Shanghai "die-hard" who believes in conceding nothing than with the pseudo-Liberal at Home who talks about compromise and "safe-guards". His argument is that the time has come when it is no longer possible to hold on to anything unless you hold on to everything. The Chinese or the Indian may have been willing to compromise ten years ago. But now he wants everything or nothing. That is the white man's dilemma—to leave all or take all, if he can.

Mr. Peffer is thoroughly familiar with China, and much of his book is devoted to this country, where he believes every phase of imperialism has been exemplified. He spent five years in Shanghai and Peking in the period 1915-1920, and has recently returned to Shanghai to gather material for a new book and magazine articles. Since the war he has spent much time in the Near East and in Europe, and sketches interestingly the similarity between "the Shanghai mind" in Shanghai and in Constantinople. One of the most interesting chapters of his book is that which deals with the "human element" in hastening the present climax between imperialism and subject peoples. Residents in Shanghai should enjoy reading his analysis of why foreigners here have helped make the Chinese "anti-foreign".

It is safe to say that Mr. Peffer will join Bertrand Russell, Lloyd George, John Dewey, Arthur Ransome, and others of similar temperament, if his book happens to attract the attention of those local publicists who have consigned this distinguished quartette to perdition. He has the same type of mind. But the advice he gives should be extremely encouraging to "die-hards". He concours heartily in their belief that concessions to China or India or any otheir subject people should be sternly refused, unless the "white man" decides to surrender abjectly to his subjects. The time for compromise is long since passed. The issue has now been completely joined—entire equality, political, economic, social, or real war. In case of war, Mr. Peffer has serious doubts of the "white man's" ultimate victory.

Shanghai Dec. 31, 1927.

D. C. B.

Chinese Women's Organizations Entertain American, British, French Delegates

Chinese women's organizations including the National and Shanghai offices of the Y. W. C. A., the Shanghai Chinese Women's Club, National Council of Women, Women's Suffrage Association and the Chinese Women's Christian Temperance Union, gave a dinner on Wednesday evening December 28 in honor of delegates now visiting China from the Women's International League for Peace and Freedom. The delegates who are now visiting in China are Miss Edith Pye, British; Madame Camille Drevet, French and Mrs. Grover Clark, American. In an address delivered at the dinner, Miss Pye stated that the Women's International League for Peace and Freedom is interested in studying industrial conditions in China and in meeting Chinese women for the purpose of interesting them in the desirability of settling international disputes by arbitration rather than by armed force.

Among the guests at the meeting were Mrs. Bristol, wife of the Commander-in-chief of the American Asiatic Fleet, and Mrs. Castleman, wife of Capt. Castleman, chief-of-staff to Admiral Bristol.

(*Continued from page 162*)

yoong, vice-minister of Finance of Nationalists announces he has raised $500,000 "to carry over the New Year"—*Kuo Wen* report from Nanking states that Gen. Li Lieh-chun has become "cool" toward the situation and may resign—Ma Chung-chao, head of Nationalist Labor Bureau, resigns and returns to Canton—Large force of Feng's troops under Yoh Wei-chun, former tupan of Honan are being concentrated at Waihui and Hsinhsiang—Gen. Fo Rse-i, commander of Shansi troops besieged in Chochow has not surrendered as previously reported—Nanking report states that $1,000,000 has been remitted to Hupeh generals—Report from Changchow, Honan, states that troops of Feng Yu—hsiang and Yen Hsi-shan will join at Tamingfu for a drive against the Fengtien position on the Peking-Hankow line—Nationalists send airplanes to Pengpu for use in Northern expedition against Shantung—Hankow generals demand that labor unions must surrender their arms to the garrison commander.

January 2-3—7th Nationalist army at Hankow has been ordered to Ichang owing to fact that Yang Sen's army has been moved back to Szechuen—Gen. Chiang Kai-shek expected to go to Nanking on Jan. 4th to make plans for meeting of Fourth Plenary Conference of Kuomintang—Three divisions of Nationalist troops from Hankow moved to Honan to participate in Northern expedition—Two trains now being operated between Pengpu and Pukow—Nationalist troops at Hankow making preparations for advancing into Hunan against former troops of Gen. Tang Shen-tse now under Gen. Ho Chien; clash expected—Peking raises $480,000 to tide over the New Year settlement period—Wang Yung-pao, Chinese Minister in Japan demands $500,000 to settle up the Legation's outstanding accounts—*Kuo Wen* report from Peking states that British, Japanese, American, French and Italian ministers met in Peking and decided (1) that the Japanese should dispatch troops to China; (2) that the British and Japanese should cooperate in the suppression of piracy in South China waters; American Minister reported in opposition to second proposal—Nationalist Government takes special precautions to guard Shanghai-Nanking line in connection with Chiang Kai-shek's return to Nanking—Provisional Court at Shanghai orders that all cases involving Spanish nationals must be tried in accordance with provisions goverrning non-treaty nationals owing to expiration of Sino-Spanish treaty.

Feng Yu-hsiang Announces Plans for Constructive Work in 1928

Marshal Feng Yu-hsiang, in a New Year's message received in Shanghai this week announced the following program for 1928:

1—Clear Honan, Shensi and Kansu of banditry within a period of four months.

2—Improve the Peking-Hankow and Lung-Hai Railways and Services and construct provincial roads completing all trunk lines within the three provinces within a period of two years in order that motor transportation can be installed.

3—Improve agriculture and open up the Northwest territories as a place for the settlement of former soldiers upon the cheap lands.

4—Improve living conditions for the poor and for laborers.

5—Develop popular education for the masses of the people.

6—Promote industrial and commercial enterprises and encourage cooperation on the part of employers and employes.

7—Funds for the foregoing enterprises, amounting to $3,000,000 annually will be raised from railway receipts and the land tax.

In addition to the foregoing, Feng has inaugurated a system of education among his troops, all officers being required to elect two courses from the following, foreign languages, law, finance, painting, photography, etc.

(*Continued from page 159*)

penetrating the markets of the Far East. It is not an easy task, and it will take the best effort of our individual manufacturers and exporters, of our trade associations, and of our Government agencies. Severe competitions will have to be met, our young men will have to go abroad to care for our interests, our merchants will have to invest their funds in new trade ventures. These things must be done if we are to cross successfully this new frontier of trade. The next few years—the next few decades—will determine in a large measure the lines of our future commerce with the world, and they deserve our best efforts.

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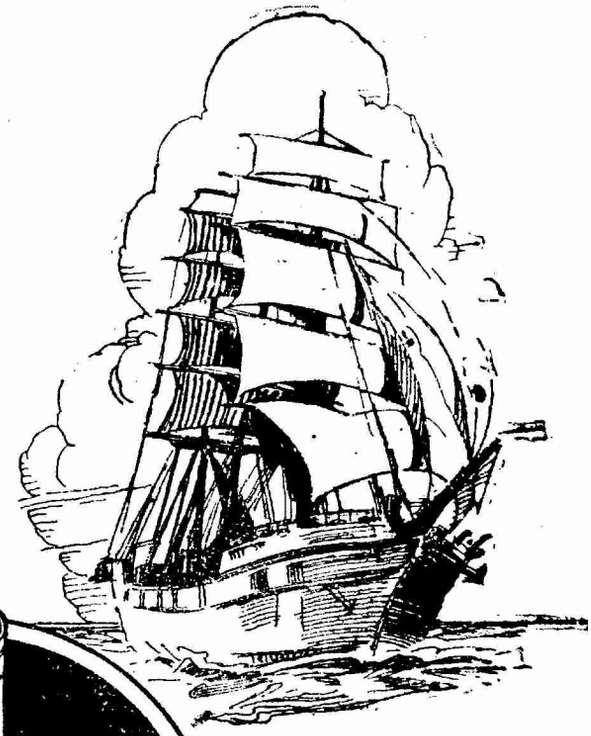

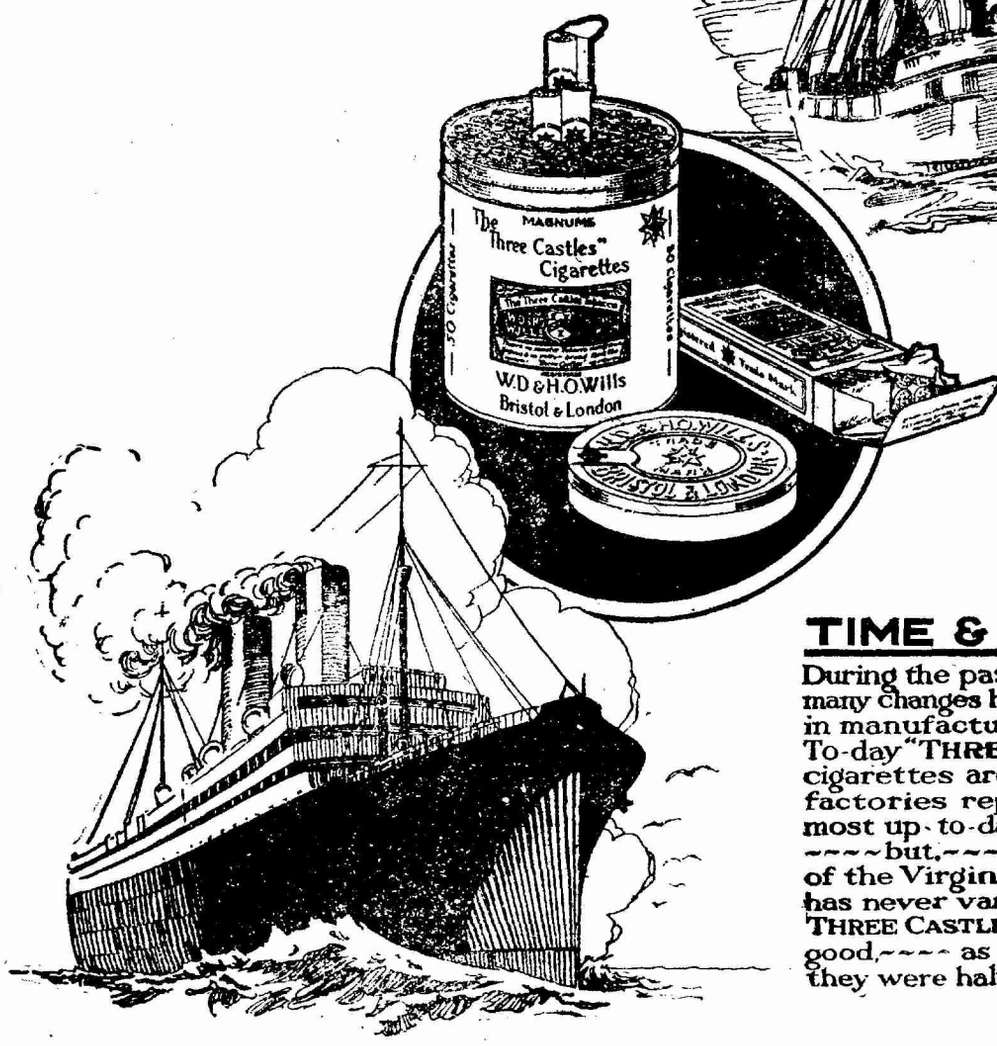

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